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# ***JPRS Report***

## **East Europe**

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# East Europe

JPRS-EER-90-127

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10 September 1990

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## INTRABLOC

### Bulgarian, Yugoslav Counterfeeters in Hungary

90P20106A Sofia DUMA in Bulgarian 3 Aug 90 p 3

[Article by DUMA correspondent Boyko Pangelov: "Bulgarians Apprehended as Counterfeeters of Forints"]

[Text] Budapest, 3 Aug—During the past few days, Hungarian newspapers have repeatedly warned citizens that, in some cities in the southern part of the country, foreigners (mainly Yugoslavs) had been caught trying to pass counterfeit banknotes of 1,000 forints, and they have informed readers in detail on ways to distinguish counterfeit money. However, two Bulgarian "tourists"—Todor K., a waiter, and Boycho B., unemployed—apparently did not follow the news in the local press and were apprehended by police the day before yesterday in Harkany, when they tried to pass 42 counterfeit 1,000-forint banknotes. The police also seized supplies used in manufacturing the false money.

This is only one example of crimes being committed in Hungary by Bulgarians, reports of which are becoming more common in the Hungarian press. Even more curious, perhaps, is the case of another Bulgarian, whose name has not yet been publicized. He is alleged to have frequented the area near the capital's central market, where he bought hard currency advantageously from other foreigners who needed forints. For example, he paid them 4,000 forints for 100 West German marks (according to the official exchange rate) but cleverly substituted Yugoslav dinars for the forints. Then, exploiting the momentary bewilderment of his clients, he made his escape. He was successful at this for four months, but the most recent clients of our fellow citizen turned out to be West German policemen who were spending their vacations in Budapest. After the "exchange," they demonstrated not only quick reflexes but also good physical training by catching up with the swindler and turning him over to their Hungarian counterparts.

Today, all the Hungarian newspapers have publicized the apprehension in the city of Harkany of the Bulgarian citizens mentioned in the first paragraph. They are accused of making and disseminating counterfeit banknotes.

It is assumed that they were the ones who made the false banknotes some Yugoslav citizens were caught passing, and that the Bulgarians were buying Yugoslav currency with the counterfeit forints. This suspicion was also expressed today in a telephone conversation by a captain from the regional police administration in Pecs, who affirmed that those arrested were Bulgarian citizens. He further stated that, during searches of their car and their accommodations, in which they had been living for 10 days, the police found not only 42 counterfeit banknotes

but also the necessary ink to produce them. The Hungarian officer said that the search for the copying equipment used to produce the counterfeit money was continuing, but he refused to name those arrested (their names were published only yesterday by KURIR), and gave no further details. By 6 August, the Hungarian chief prosecutor must review the case and decide whether the two Bulgarians, who may be members of a larger group of counterfeeters, should be held for further investigation or released. If they should be proved guilty, they could be sentenced to two-to-eight-years' imprisonment in Hungary.

I was informed by the consular section of the Bulgarian Embassy in Budapest that it had received a note verbale from the Hungarian Ministry of Foreign Affairs yesterday that listed 49 cases of illegal activity in which Bulgarian citizens in Hungary are accused of participating during the period 15 April-1 June of this year alone. They mainly involve hard currency and customs violations. By comparison, the average number of cases per year up to now in which proceedings were initiated against Bulgarians has been about six or seven. The Hungarian press reports ever-more frequently on apprehended Bulgarians—along with Romanian, Polish, and Yugoslav citizens accused of attempting illegal hard currency transactions or the smuggling of prohibited items. Still, it is interesting that our fellow citizens succeeded in exporting such things from Bulgaria.

## BULGARIA

### Trade Union Daily Interviews Specialist on Ethnic Issues

90BA0254A Sofia TRUD in Bulgarian 17 Jul 90 p 3

[Third part of a three-part interview (first two parts not published) with Professor Strashimir Dimitrov, director of the Institute of Balkan Studies, by Dimitrina Zareva; date and place not given: "On to Unity Under the Tricolor Banner"]

[Text] [Zareva] Isn't the ethnic problem in our country treated very one-sidedly as involving chiefly Turkophone Moslems? But surely everything is not all right with the Slavophone Moslems, is it? Or with the Gypsies or the Macedonians?

[Dimitrov] I don't believe that these problems have been reduced in our country to a problem with Turkophone Moslems alone. Anybody who reads newspapers and magazines sees that in our country attention is paid also to Slavophone Moslems (Pomaks [Bulgarian converts to Islam]), to Macedonian problems, and to the Bulgarian diaspora abroad. Also still under discussion now are the most diverse aspects of the Macedonian problems, of the Dobrudjan, Thracian, Rhodope, Turkish, and other problems. True, events in recent years have forced public attention upon problems involving Turkophone Moslems that previously had long been left in the background. Naturally, there is more talk and more is written

about them now, and the attention of science and politics is attracted to them. As for the Rhodope Bulgarian Moslems, the Pomaks, there are no problems unsolved by science in their case. Regarding them, it has long been clear that they are ethnic Slavo-Bulgarians, and work was being done to overcome the nationally divisive effect of religion among them. True, people are still to be found among them who, more through affectation than sincerity, are "Turkified." However, there are not so very many of them, even though they exhibit noticeable activity under the influence of certain political forces, mainly of the Movement for Rights and Freedoms. There were persons who, in pursuit of cheap political success, rushed to persuade people to take back their Arabo-Turkish names and to tell them it didn't matter whether they were considered Bulgarian or not. Sobering up will rapidly set in, however, and has already done so.

The same holds for Gypsies. Attempts to isolate and detach them have not vindicated the expectations of Manush Tomanov (also known as Mustafa Aliev and Lyubcho Dimitrov). I live in Krasna Polyana, and I know that our Gypsies have not traipsed about after him despite all the emphasis he placed on his Gypsy origin. People are not stupid, and they understand that insularity and withdrawal will condemn them to backwardness. There are no "national" problems; there are severe social problems, and the authorities must solve them together with the population itself.

There is no ethnic Macedonian problem. Our country has overcome the idea, from without and from our authorities in 1944-48, that the Macedonian is not a Bulgarian. The Thracians are Thracians, and nobody believes that they are not Bulgarians. And the shoppes [peasants of the Sofia district]? And the Dobrudjans? Some people forget that the concept of Macedonianism was adopted by the Communist Party as a way of counteracting the brutal undisguised Serbianization or Hellenization of Bulgarians in Macedonia. It is forgotten that, once Stalin broke with Tito, the outside pressure of the Bulgarian Communist Party for recognition of the "Macedonian nation" was ended, too. Georgi Dimitrov began at once, as early as the summer of 1948, to talk about Bulgarians in Macedonia and against their forcible Macedonianization. Mr. Solunski's attempts to artificially create a "Macedonian minority" in our country has ended in total collapse. What the BCP [Bulgarian Communist Party], with an entire administrative apparatus at its disposal, was unable to do in 1945-48, Mr. Solunski will never be able to do.

[Zareva] What way do you see out of the severe ethnic crisis in which our society has found itself for years and years now?

[Dimitrov] The way out lies in a well-considered and consistent policy of uniting the Bulgarian people rather than in encouraging their insularity and pitting them against each other. Work must be done to overcome the stereotypes inherited from the past that divide and pit people against each other. Unity will not be obtained if

we declare the people who champion this cause to be chauvinists, nationalists, and extremists, or if we denounce as Turkish nationalists those of our Turkophone citizens who want to study their mother tongue in the schools. Unity will not be obtained until we dissociate ourselves from the stereotype that Islam is a "Turkish faith" and that there's no way a Bulgarian can be a Bulgarian and a Moslem simultaneously. We must put an end to the adverse consequences of the idea, propagated ever since Ottoman times, that only the Orthodox Bulgarian is a Bulgarian in the true sense of the word. True, in some cases religion plays an important ethnically differentiating role, as it did between the Belorusians and the Poles, between the Serbs and the Croats. In modern nations that have left medieval thinking far behind, religious differences play no part, whether between Catholics and Protestants in Germany, Hungary, and Bohemia, or between Moslems and Christians in Syria. The problem is to overcome the ethnically differentiating influence of religion.

We must overcome the predominating linguistic stereotype that, if a given language is Turkic, no doubt it's Turkish, hence the people who speak it are Turks. But the language of the proto-Bulgarians was Turkic, too. Does this mean that we must consider our ancestors to be Turks rather than Bulgarians? Or we have the Turkophone Bulgarian Christians, the so-called Gagauz [in the Varna district], who speak the same language as the Bulgarian Turks but are not Turks and consider themselves to be "true Bulgarians." They are Turkophone Bulgarians who in Ottoman times preserved their Christian faith and, with it, their Bulgarian self-awareness. Obviously, speaking a Turkic language is not necessarily a "Turkish" attribute but is also Bulgarian. As far back as the state council in 893, the Slavo-Bulgarian language was adopted as the official literary and state language of the Bulgarian state, but from that it does not follow that the other languages, including Turkic Bulgarian, are to be used only as "domestic" languages and only in intimate family surroundings. Nor should Slavophone Bulgarians have to suffer effronteries and be compelled to ask for bread and other items in Turkish. Such behavior must be combated.

Obviously, we must overcome the stereotypes that divide people and proceed to the formation of common Bulgarian suprareligious and supralinguistic stereotypes. At least intellectuals must be the first to surmount Stalin's definitions of the nation that placed an equal sign between ethnos and nationality, between ethnos and nation, and that considered the formation of nationalities and nations necessarily to be the grinding up and assimilation of the one ethnos by another, by the "dominant" ethnos. Both science and experience show that people who come from a different ethnos can take on an identical folk or national self-identity and form a folk character or nation, can have an identical folk self-identity, and can find in their folk culture and psyche things that bind them to each other and, at the same time, differentiate them from other peoples and nations.

The processes of unity must begin with new thinking about these questions. We must be more open to all ethnic and ethnographic groups of the Bulgarian people, to different faiths. It is not "they" alone who must strive for unity; "we" must accept them as ours in all their idiosyncrasy. These are the democratic ways to unity that we cannot reject if we wish there to be no crises, no "excursions," and no pitting of people against each other.

## CZECHOSLOVAKIA

### Members of New Federal Government on Their Tasks

90CH0320A Prague FORUM in Czech 11 Jul 90 pp 6-7

[Report of interview with Interior Minister Eng. Jan Langos; Vice Premier for Human Rights Jozef Miklosko, Sc.C.; Minister Without Portfolio Eng. Josef Vavrousek, Sc.C.; Minister Without Portfolio Eng. Kvetoslava Korinkova, Sc.C.; Minister Without Portfolio Eng. Pavel Hoffmann, Sc.Dr.; and Minister of Economy Eng. Vladimir Dlouhy, Sc.C., by Pet; place and date not given: "A Government of 'National Sacrifice'"]

[Text] We posed the following questions to the members of our new government:

1. What did you do in recent years?
2. Do you think that you are sufficiently qualified for your current office?
3. What are the most difficult tasks before you?
4. You are a member of the so called "government of national sacrifice." What does that mean to you?

"Professionalism must wage a battle with ethics," replied Eng. Jan Langos, CSFR interior minister.

"1. In recent years, in addition to my job in the Institute of Technical Cybernetics at the Slovak Academy of Sciences, I tried to bring together into smaller or larger communities individuals isolated by fear or indifference. I had worked on editorial boards of various samizdat publications for many years but I succeeded in keeping it a secret. However, my personal contacts with the participants in the founding of such microcommunities in Bratislava could not be concealed.

"2. I think that I do have above all civic qualifications although since January I have been active in the commission of the Slovak National Council for Civic Supervision of Service of Penalty, and later in the commission investigating the situation in the Leopoldov [prison]. I think that professionalism and pragmatism must be engaged in a continuous battle with ethics and moral principles. This battle then plays a positive role in the solution of all kinds of difficult problems. Naturally, I must speak immediately with experts about their views on the new structure of the Ministry of Interior, but I can

already imagine that, for instance, our intelligence service should not be part of the Ministry of Interior but rather in the competence of the government and the president.

"3. My tasks will probably involve what I have already mentioned: a battle between personal ethics which an individual forms essentially throughout his whole life, and between the necessity to approach the solution of specific tasks in a pragmatic fashion. I am convinced that man or people (obviously, it will be a collective task) who do not need to know exactly the specifics of that sector may develop a concept and a new organizational structure. When a new system of regulations and laws is created, professionals will explain their specifics of regulations and laws which will turn this sector into a well-appointed institution based on precisely formulated laws.

"4. At this particular time, security of our state and security of every citizen or of groups of citizens must be raised above any personal ambition or objective of persons who set up the agenda of the ministry of interior. As far as its employees are concerned, their obvious sacrifice will involve their cutbacks, but first we must get acquainted with the details of its whole structure, its interrelations, functions, competence and practical operations of individual departments, and only then may we decide whether its staff is excessive and how to reduce it."

"It should be a department of the 'spirit and ideas,'" replied Jozef Miklosko, Sc.Dr., Doctor of Natural Sciences, vice premier for human rights.

"1. I worked in the Institute of Technical Cybernetics of the Slovak Academy of Sciences for 24 years. For the last five years I served as the manager of the International Laboratory Base for Artificial Intelligence. In those years we received there hundreds of visitors from twelve East bloc countries and set up in one hall a nice international team that deals with common problems.

"2. For 21 years I have lectured at the Department of Mathematics and Physics where I am teaching numerical mathematics. Thus, I am a scientist, but of course, in addition I was active in the secret church. I am an expert, a human being, the father of four children—two daughters and two sons, and that, too, is some achievement. Even earlier I used to work with children as a leader of various hobby groups, so I feel close to youngsters. At present I am training kids in track and field sports.

"3. This sector did not exist on a similar level, so it is very important that it get qualified, competent and dedicated employees, experts, good advisors who will not look out—as the president said—for their career but who want to serve their nation. I shall try to devise a concept for all new structures; I shall consult with people who are currently working within the existing structures. Then I must make field trips to find out what problems do we share, and offer proposals for their solution to commissions and committees that may help me in that

effort. Human rights used to be a really neglected issue; as the president says, this department should become a sector of the "spirit and ideas." I am glad that I can be its leader, even though the previous system had greatly suppressed both the spirit and ideas.

"4. I do not like that title too much because the whole life is certain sacrifice; if one wants to accomplish anything, he or she must expect sacrifice and self-denial. I took this office with full awareness of that fact and without any feeling of sacrifice, even if it means that I have to give up my whole previous way of life, my scientific work, a number of half-finished projects, and the book I was supposed to deliver. It is certain that a difficult and unpopular situation is now beginning for all and that our nation will have to accept the fact of sacrifice in its own way. Nevertheless, I also can see that our nation is eager to get to work and that it wants to accomplish what for many years we could not achieve. The high turnout for the elections in itself has shown that our nation has not thrown in the towel. Of course, as for myself, I would rather strive here for human rights than for a high living standard, and for a wholesome environment rather than for a video in every apartment."

"Who should be sacrificed, the government or society?" replied Eng. Josef Vavrousek, Sc.C., minister without portfolio and presumptive CSFR minister of ecology:

"1. For a long time I was employed in a research institute, because I thought that for me it was the best opportunity to be work in my profession while retaining my independence. I worked in ecological research and at the same time, I tried to integrate the ecological movements in Bohemia and Slovakia. Since September I helped organize the Circle of Independent Intellectuals and on that basis, I participated in the founding of the Civic Forum on 19 November. Since April I have chaired the commission for investment and technological development and had direct responsibility for its ecology sector.

"2. It is difficult to answer this question, but if I thought that I do not have what it takes, I would not be in this job. However, it would not be right to say that I know everything that this work requires because ecological problems affect every area of human and public life as well as the production and nonproduction spheres; their basis is also in philosophy. The range of problems related to the environment exceed the capacities of knowledge of any individual, and therefore, we must work as a team.

"3. An essential task is to complete the concept of environmental protection in our republic and to give it some methodology. The previous system was concerned about rather disjointed individual actions, which is one of the reasons why people involved in ecology were not taken very seriously. We must therefore achieve integration on the level of the federation, in conjunction with foreign programs in this particular area.

"4. I do not think that it is a good name. It does not make it clear who should be sacrificed, the government or our

society? I personally do not regard myself as a sacrifice, although it took me months to come to terms with the feeling that I should give it a try. Few people can imagine what a bag of problems this is. My friends from the ecological movement tried to convince me since the early December that I should be doing something of this sort, but it took me whole six months to persuade myself as well. At any rate, I would not want to remain in this job until my retirement; I want to go back to what I like best, which is to sit down and write."

"We are in the first line of fire, ready to be shot," replied Eng. Kvetoslava Korinkova, Sc.C., minister without portfolio, presumptive CSFR minister of audit.

"1. For a long time I was employed at the Federal Transportation Ministry as a specialist for matters involving container transport in Czechoslovakia. In the last several months I served as economic advisor to the deputy minister in charge of economy and economic development of transportation and communications.

"2. According to their current specifications, the highest auditing agencies not only in our country but also in other democratic states deal above all with state-subsidized sectors. If we consider that transportation, telecommunications and power engineering are areas receiving the highest subsidies, and that our state, as every state in the world, will probably continue to take part in their development, then my previous professional experience is relatively quite good. However, I can assure you that I also hold a degree in systems engineering, which is quite essential for this kind of work. But even the concept and purpose of my previous activity (Editor's note: as the chairperson of the People's Audit Committee) were similar, which may be unpleasant for those who will be audited.

"3. First of all, we must complete the screening of public organizations and political parties, and then screen also our constitutional representatives, which means, both in the government and the president's staff. In my opinion, the most difficult future task will be the planning of a method of close cooperation with all economic ministries through individual stages of the process of privatization. According to our findings, most joint-stock companies organized in 1987 and 1988 were established without much concern for state ownership, but rather with preference for individuals' personal advantages. We are afraid that in the future some people may get wrong ideas about the currently developing democratic factors.

"4. The question is whether we should think that the government will have to bring sacrifice, or whether every citizen of this state will have to make some concessions. It is obvious that many measures will be unpopular and we will be marked as the first ones in the firing line; we will try to accomplish a strenuous task and then look only from a distance to see whether it is successful or not. However, I can tell you that in a purely personal terms it sure is a sacrifice, as evident from great many stressful

situations and a loss of privacy. It was a tough choice but we have made up our minds."

"To translate theory into practice," answered Eng. Pavel Hoffmann, Sc.C., minister without portfolio, presumptive minister of strategic planning.

"1. The most significant thing may seem to you the fact that in the 1980's I worked in the economic institute of the Slovak Academy of Sciences where I managed a part of a team dealing with the prognosis of Slovakia's economic development up to year 2010 in conjunction with other prognostic studies. That was one of the most important jobs of my career as a scientist. Since the beginning of this year I served as the first deputy chairman of the State Planning Commission, which in fact meant that I was Minister Dlouhy's deputy.

"2. I think that my qualification is relatively satisfactory because from the beginning I was dealing with matters of national economic strategy. I proceeded from a kind of a holistic concept of Slovakia's industrialization and dealt with matters related to the concept of development of employment. For many years I studied issues concerning the strategy of spatial economic arrangements, and therefore, I think that as a professional I am qualified to serve in this position, although no one can ever regard his qualifications for this or that job as satisfactory and perfect.

"3. There are already two toughest problems. One is to organize the ministry for national economic strategy and prepare it for the fulfillment of its momentous tasks. It certainly is not an easy task to plan a strategy that will guide the decisionmaking processes on various levels; that calls for highly skilled experts who are still scarce. The other, also very important tasks stems from the fact that our chosen strategy for the nearest future cannot be in any way removed from urgent problems of our contemporary society. In other words, already at this very moment we must recognize the future consequences of the decisions we are now making, and we must not disregard connections between the future and current problems.

"4. That is a metaphor but it is indisputable that precisely this government is facing a very difficult task, which means all theories must be translated into practice. As you know, theory is grey but the tree of life is green. And so the decisionmaking of this government will involve enormous risks, and the government must not spare any effort to win honorably in this unequal battle."

"It will hurt us," replied Eng. Vladimir Dlouhy, Sc.C., CSFR minister of economy.

[Answers to questions 1 and 2 not included, as published]

3. The federal government must above all find a common language with the governments of both republics, with the parliament, and of course, also with our

public. For me personally, this office in the government means to set into motion a new branch of the Ministry of Economy and to define its place in the economic reform, because I think that it has a place in it, especially from the perspective of the new role played by the state in market economy or in the transition to it under current circumstances. As for myself, I support very speedy, radical reforms. As a matter of fact, it is generally known that I am for prompt price decontrol, for fast changes in favor of internal convertibility, for the launching of far-reaching privatization, in other words, for everything we have already tried to accomplish. At the same time, however, I am trying to call more and more attention to the fact that all this is not the final solution but a beginning of the creation of necessary opportunities; a great number of specific further steps, which must then follow, may even be based on a new concept of state.

4. I do not want to sacrifice myself for anyone; the president used a figure of speech, which is his business, but as I say, I have no intention to sacrifice myself, although it is a sure thing that it will hurt us.

#### Roundtable on Expulsion of Sudeten Germans

90CH0284A Prague TVORBA in Czech 13 Jun 90  
pp 1, 16-17

[Article by Petr Nemec and Milan Syrucek detailing a roundtable discussion in Rabstejn; date not given: "Do They Have a Right To Return? An Initial Roundtable Discussion With Sudeten Germans"]

[Text] Looking down from the battlements into the Strela valley, it was as if we held Rabstejn, formerly the smallest town in Europe, in the palm of our hand. We had not come to marvel at the romantic ruins: Still, this place was relevant to our discussion. The border of the Sudetenland was nearby, the territory that the Munich accords took away from our Republic, and the population of which, the Sudeten Germans, had to relocate after 1945.

We are meeting here with representatives of the Sudeten Association. This is the first time that such a meeting has taken place on our territory. The roundtable discussion touched on subjects about which there has so far been silence.

Attendees from the FRG were: Peter Becher, representing the Adalbert Stifter Society from Munich (an association of artists and others employed in cultural occupations); Horst Loffler, member of the united leadership of the Sudeten Association; Martin Posselt, cultural secretary; and Helga Oehlova, the Baden-Wurttemberg chapter secretary. The German Socialist Republic was represented by Michael Steiner, counsel for the Prague embassy. Reporters present included Bert Kohler of the Frankfurter Allgemeine Zeitung and Marie-Luise Sulzerova of South German (Bavarian) radio. The German Union in the CSFR was represented by Pavel Heinisch and Daniel Ulrich.

The Czechoslovak side was represented by the historian, Doctor Alexander Ort, candidate for Doctor of Science (CSc.), chairman of the Association for a European Home, deputy central director of Czechoslovak radio and historian Doctor Vaclav Vrabec, columnist and historian Jiri Vancura, Pavel Skorplil of the Historical Institute of the Czechoslovak Academy of Sciences [CSAV], reporters Rudolf Erhard of Czechoslovak radio, and Josef Vesely of MLADA FRONTA.

The editorial offices of TVORBA began thinking about organizing this discussion after an interview with Czechoslovak historians concerning the German question evoked numerous responses from our readers. This made us aware of just how pressing this question is and how little most of us know about it.

The result is this Rabstejn roundtable, which we were not sure would take place until the very last minute. We were also not sure that the participants would be able to talk with mutual respect about this sensitive issue that still involves so many open wounds.

Peter Becher opened the discussion, as the representative of the Sudeten German Society whose mission is, among other things, to develop cultural cooperation with the CSFR.

[Becher] Let me begin with two examples: In January, Mr. Klen went on his hunger strike in the Old Town Square because he did not agree with the apology offered by President Vaclav Havel. His opinion was reinforced by personal experience: He had spent several years in a concentration camp where many of his relatives had died. His experience is not unique; countless others have had similar ones.

A year ago the Adalbert Stifter Society in Munich organized on 15 March a meeting between Sudeten Germans and Czechs. Unfortunately, none of the Czechs was from Czechoslovakia; Jiri Pelikan from Rome and Eduard Goldstucker of London are both recent emigrants. At this meeting an old woman asked me why I invited Czechs to our house and then told me her story. She was married at the start of the war but became a widow early because her husband was killed at the front. After the war her parents were interned in Terezin. Her father was killed there, her mother went mad, and with this sick woman she had to leave the country—she was relocated. A broken life....

Only if we involve ourselves in the fate of Mr. Klen and this woman can we understand the source of the existing relationship between Czechs and Sudeten Germans. Many Czechs have allowed themselves to be blinded by their suffering under Hitler's national socialism. They remained blind to the injustice that took place between 1945 and 1947. On the other side, many Sudeten Germans were blinded by what they lived through in the war. This includes the assertion by the Czechs that the relocation was a decision by the victors and a Sudeten German assertion that the violence against the Czechs was perpetrated mainly by the German Reich. The fault

has numerous sublevels. It is shared by those who allowed it to happen, those who were silent while it was happening, those who participated in it, etc.. The suffering of individuals was concentrated into the totality of betrayals and outrages.

There were, however, people who stood up against the emotions of their countrymen. Some Sudeten Germans helped Czechs and Jews, and some Czechs helped Sudeten Germans. The truth is important. Seeking the truth, though, requires courage, the kind of courage shown by professor Masaryk when he insisted that the Kraluv Dvur manuscripts were forgeries. One of these truths is that culture has always provided a link between the two peoples. It has come out of and supported their existence and coexistence. Czech culture has always been a part of Sudeten German culture, and vice versa. The president of our association, Dr. Hajek, told us after the Moscow Peace Forum, which he attended that he understood Czech artists better than, for instance, those from northern Germany. Clearly, there could be many other examples. Culture, after all, is not an instrument of power, but the living memory of a people, a painful consciousness and conscience, as it was characterized by Milan Kundera and A. J. Liehm at the Czech Writer's Congress in 1967. For this reason I think that culture in this broad sense can now contribute to a favorable climate for political discussions. It can help to better evaluate the past and therefore call forth the awareness of a common tradition. Finally, when we think of the future as Europeans or Central Europeans we can use this common tradition to build that bridge between the East and the West that will assure our future not only for the next few years but for the upcoming centuries.

[Ort] Without even talking to Mr. Becher beforehand I also chose culture as the basis for a common discussion. I am not concerned though with just Czech-German relations, but with Czech-European relations. This was the idea on which we wanted to found the Association for a European Home. One of the outcomes of these discussions between experts in international relations was a brochure, Cultural Dimensions of a European Home. This, in other words, is culture as the foundation of pan-European cooperation.

Earlier this year I was invited to a televised debate on European problems. There was no agenda for the discussions, we simply decided that we would not discuss the topic of the apology for the relocation. But it was clearly so important that we ended up talking about it. I have personal experiences. I come from Klatovy and at the end of the war I participated in the reattachment of Zelezna Ruda to Czechoslovakia. I mentioned this and received a lot of letters which made me recognize two aspects of this issue. The first is that one needs to know the history precisely, and analyze it without regard to the final outcome. Secondly we need to develop those things that unite us.

There is a generational problem here, however. Those of us who experienced it are more tolerant than the younger

people who have been influenced by official propaganda. According to this propaganda the Sudeten Germans even have horns. Here we are together and none of us has horns... There is a conflict here between the need to study reality scientifically and the need to impact the political future. We also need to think about the fact that we enriched each other the most in the area of culture and which aspects of this interaction might serve as the basis for future friendly coexistence.

When, in 1968 at a conference of directors of institutes of international relations from all over Europe, we read a paper discussing whether or not culture could be a factor in detente, we were criticized on the grounds that culture is after all a part of ideology and that therefore there can be no question of cultural coexistence. I think this is an error. Culture, after all, is also the ability to live together and cooperate. My conclusions are as follows: First, know the truth, second find a basis not only for Czech-German, but also for domestic Czech-Slovak coexistence, and third develop Pan-European awareness and cooperation.

[Loffler] I was born in 1940 in Sumava and have been in Bavaria since 1945. Even though I lived here for only a short time I can say in all sincerity that I consider myself a child of this country. I began to work in the student association and my current assignment is to coordinate Sudeten-German-Czech relations. We consider the Sudeten Association to be the political representation of Sudeten Germans living outside Czech territory. The attitudes of these people are influenced by two factors: A strong tie to the country in which they grew up and which they had to leave, and painful wounds that need to be healed.

How? The older generation has strong experiences of confrontation with Czechs, the middle generation of which I am a member did not directly experience the conflicts and is therefore more open to a new beginning, even though our elders warn us against this because they do not believe there can be a new beginning. I personally am convinced, and this meeting strengthens my conviction, that a reconciliation is not only possible, but essential. We must, however, meet each other halfway and without prejudices. It will be difficult.

Relations between Germans and Czechs, between Sudeten Germans and Czechs, are not uniform. Czechs and Germans inhabit neighboring countries. It is a coexistence of peoples. But Sudeten Germans and Czechs lay claim to a joint homeland: Bohemia and Moravia. The question thus becomes: Will the Sudeten Germans be denied their claim to a homeland? Will they be considered foreigners there, or as people as much at home there as the Czechs? I do not have in mind here any legal or other consequences, just the basic question of the mutual relationship. Until this question is resolved there is no way to heal the wounds we inflicted on each other and which have not yet healed. But a man who has been insulted feels somewhat better when the

injustice is acknowledged. This is why both sides need to understand the undistorted truth.

A third, related issue, is the fears of some of your people that the Sudeten Germans are at the border waiting to take back their property and drive out the Czechs. This is an incorrect impression. The only thing we want is to sit down at the same table with the Czechs and reach an accommodation that both sides can accept in good conscience. I emphasize that there is no question of changing borders; none of us is asking this. If among three million people a few express this extremist view, it should not be considered the view of the majority. Neither side should overestimate extremist views, but rather look for ways for people of good will to live in this country as free and full citizens. It is not our intention that some Czech be driven out of Sudeten areas. Nor do I think that there would be any mass relocations. How many Sudeten Germans would return? This is difficult to estimate. Certainly fewer than were relocated, but perhaps more than the current German population in Bohemia.

Coexistence has two aspects:

—The ethical. Bohemia was for centuries a joint space, with both populations prospering. Renewing this coexistence would provide an example for all of Europe, because it would demonstrate that right in the heart of Europe two civilized and cultured peoples can work their way through difficult circumstances. Figuratively speaking the heart of Europe would beat more strongly;

—The economic. The economy of the country would be strengthened. After reaching agreement on all controversies those Sudeten Germans who remain in Germany would become the strongest and most promising Czechoslovak economic partner. They retain their internal affection for the country and if their aversion is overcome they would help the country economically. This all argues for a dialog that we have not had for more than 40 years. I consider this meeting the first step in this dialog. There are still many obstacles and prejudices to overcome. But I am convinced that the young people in particular can overcome them.

[Vrabec] As a historian I would like to speak about 700 years of coexistence, even though it was full of conflict. I do not want to speak about historical phenomena and events, but about morality. About 12 years ago, influenced by the thesis of a friend of mine, Jan Mlynarik, I wrote a paper on the genesis of the idea of relocation in the domestic Czech antifascist movement. It was printed in a samizdat collection of a West Berlin university. At that time I realized how negatively the idea of relocating Germans and the principle of collective guilt affected the thinking and attitudes of the Czech public, even its most democratic elements.

I have a vacation home in the Kokorin valley, an area affected by the relocation. I bought it about 25 years ago from a family which took it over in 1945. From the

photographs I could see that it had been a beautiful house, well maintained. I bought it, however, in very poor condition and I had to pay the Kcs500 that the owner was supposed to have paid in 145 for transfer of ownership. This is not the only example, there are many others in the surrounding villages. Why am I mentioning this? The people who were relocated were honest, orderly people, who took good care of their property, yet suffered because of Hitler. On the property I found correspondence: fathers and sons writing from fronts. Many of them did not come home. I also spoke with many original inhabitants who had stayed. They recalled that before the war and during the war there had been no problems here. Czech and German villages lived here in peace, and to this day there are many mixed marriages. Nevertheless the fateful year 1945 came and brought immense changes to the countryside and interpersonal relations. New people came to take over property. Some got it from the state, but it meant nothing to them. Throughout North Bohemia you will find signs of this rootlessness. The cottages belonging to people from Prague are in good shape, but the settlers from 1945 did not put down roots here and have quite disgusting morals.

We have to acknowledge for once how the relocation of the Germans and everything that followed affected the attitudes of the general Czech public. This morality has not yet been described in our literature. The novels of Vaclav Rezac even describe it in an opposite light. Mr. Loffler spoke of fears of our people, about the consequences of our one-sided propaganda. I also have a comment. Along with several neighbors we found a couple of years ago a beautiful memorial to local inhabitants, Germans, who died in World War I. We dug it up, cleaned it off, restored it and wanted to set it up. We had to apply to the local authorities and soon ran into trouble. How did we dare restore a memorial to revanchists? Remember, this was a memorial to victims of World War I. Everything German was revanchist. This is how propaganda deformed our attitudes. We cannot be silent about this. It is not only a part of history but also a part of the present.

Let us stop making collective excuses. This leads nowhere, so we should just forgive ourselves. I am saying this on the day of the visit of the Holy Father to Czechoslovakia, when he is speaking of new categories of conscience and repentance. We must use these as the foundation for new understanding and relationships.

[Vancura] I was unsure whether or not to accept the invitation to this meeting, but decided to come. I want to say first that Czech-German relations have been to a significant extent the focus of my entire life. This involves the place where I was born and grew up, the fate of my family in the war, and the attention with which I followed the development of the German Socialist Republic for the past 20 years. Since this past November I have been interested in one issue: How to rectify the damage caused to our country by the relocation. Not only the economic damage but more importantly the

moral damage and the consequences of the loss for our independence. My interest was historical-political. Nevertheless it brought me to numerous debates and wide ranging discussions at Klub 2 on Vienna television. I listened to many opinions and received hundreds of letters. These have brought me to these practical proposals.

I think that we have to make public materials that will attest to what I call criminal acts of our citizens against the defeated Germans in 1945-47. People know nothing about this, deny it, or assert that it is not comparable to what the Germans did to us. Confronting our past is part of any improvement in our relations and especially our attitudes. In the Vienna studio a woman from Jihlava sat next to me and told me what happened to her in May 1945. It would make me happy if a collection of these experiences were published in our country. Some of our people will consider it a provocation, but in this case I think a shock treatment is in order. It is not the whole truth but it is part of what we need to know.

A second collection that should be published would have a working title of something like 'Our Prior Fellow Citizens.' This collection would contain convincing, human letters to break down the 40 year legend that every German is a revanchist. There could even be parallel books: Czechs writing to the German Socialist Republic, and Germans writing to us.

[Heinisch] The collection could consist not only of the views of Czechs and relocated Germans but also of Germans who stayed here and bore the brunt of the assimilation policy. We can no longer be penalized for being Germans. So that we would not have to leave our homes, we had to declare ourselves as belonging to another nationality, such as Hungarian. Maybe you don't know that there are some 360 Hungarian elementary schools in Czechoslovakia, even high schools. And even though we account for only one eighth, and with those who declared themselves Hungarian one sixth of this population, we do not have even one German elementary school. This is why we formed our union, as a sister organization of the Sudeten Association.

[Skorpil] As a historian I study 20th century German history. Recently I have been concerned with the relocation and its consequences. For the time being I am working in archives and studying documents, but the reaction of readers to two articles I have published displays an absolute ignorance of the facts. I admit that I found my study of the facts concerning the actual relocation to be shocking. It is interesting that those Czechs who had suffered the worst were the most tolerant of the Germans. People returning from concentration camps often saved the lives of Germans from members of revolutionary guard units carrying out so-called wild resettlements. The ranks of these units often contained former collaborators. We should also think about broader issues: the problem of collective guilt, the role and influence of the USSR, etc. There is also the issue of losses: material losses, moral losses, and lost

lives. I am a member of the Czech-German Historians Commission and one of our projects is to determine the magnitude of just these losses.

[Sulzerova] What right does Mr. Loffler have to think about a homeland and the problem of normalization? This should be a concern only of those Sudeten Germans who were born here or their heirs who were born in the FRG, which is my case. I have no ties to Znojmo, the birthplace of my parents.

[Loffler] I again emphasize that we feel a part of this country. And that small fraction that would like to live here again should expect the same conditions enjoyed by other Germans living in Bohemia. Another question is whether citizens of the FRG or Austria would want to live here. Czechoslovakia will face that issue no later than the time when it becomes a member of the European community.

[Sulzerova] Does that mean you are requesting temporary special rights for Sudeten Germans?

[Loffler] Let us say priority rights.

[Posselt] I think that the question should not be put in this way because it implies creating under European conditions the opportunity for a Czech, for instance, to live in the FRG, and vice versa. In other words the right to live wherever the individual wants to live. That right was violated 40 years ago. This is not a question, then, of a special situation, but of resolving an enduring problem in the relationship between Sudeten Germans and Czechs.

[Sulzerova] Except that Czechoslovakia is not yet a member of the European Community. This means that it is not a general problem but an issue of special rights.

[Loffler] It is a matter of reaching an understanding in the CSFR that allows Sudeten Germans and their heirs, such as you, the opportunity to live where they wish.

[Ort] What can we do, however, to facilitate this? Are we to solve the problem within the European order, or pass a special legal code for Sudeten Germans? I know how difficult it is proving to formulate the new law on reprivatization, and I am afraid that to make this demand at this time would shift attention away from certain measures that, in terms of our democratization, are clearly much more important and pressing. Bringing up these issues now would not help the development of democracy.

[Loffler] Once the European Community is a reality such a law will be common. But the Sudeten German problem is not one of foreign policy but a domestic Czechoslovak issue. The CSFR must decide whether to accept them as its own citizens or as foreigners. I would foresee an arrangement something like passing a law that gives the opportunity to Sudeten Germans and their heirs to decide within a specified time frame whether they want to become Czechoslovak citizens or renounce this right. The final decision would be left to each individual.

[Sulzerova] I would be interested in the reaction of the Czechs to this issue. If I were Czech, shivers would be running down my spine.

[Skorpil] I think that we have to finish with these events once and for all, whether everyone likes it or not. It becomes more and more a historical matter. I am in favor of a completely dispassionate evaluation of the problem, but I am afraid that any kind of revisionism will serve no one well. The ideal solution will arrive when the CSFR becomes a member of the European Community. Then nationality will not even be a top priority question.

[Steiner] The truth that continues to elude us is the foundation. The truth not only of the resettlement, which was illegal. Just as illegal is what was done before the resettlement and between the wars. President Havel opened this question mainly so that the truth would come out, because there is still a psychological barrier between Czechs and Germans. I think that Mr. Vančura's idea is an excellent one. We should illuminate these issues from both sides. The shock it would cause us would be useful. There is enough material to do so; the letters I receive attest to that. It's very clear how little about this the younger generation knows. We certainly should consider the best way to briefly characterize Czech-German relations in textbooks, and working together to research and evaluate the past. Perhaps an appropriate vehicle for this would be a joint commission of historians.

The Sudeten German Association is experiencing an interesting, positive process, but on the issue of a return I have a different opinion. Who is supposed to return where? Currently the CSFR is attempting, figuratively speaking, to return to Europe. Wouldn't it be more appropriate to turn our attention to the future rather than aspiring to historical truth, which is also undoubtedly justified? Looking forward would contribute to the process taking place throughout Europe. It would be magnanimous. It need have nothing to do with membership in the European Community, which might take some time. I would phrase the question by suggesting that the basic principle should be that anyone who wants to come here and work with us (there would not be many of them) should do so on the basis of Pan-European motives, never based on past rights. After all, time also creates rights and laws. The people who have lived in these areas for 40 years have also acquired a right to live here, which raises the possibility of conflict between those who cite their historical rights and those who have acquired their rights over time.

A person with special ties to this land has the opportunity to act on those ties. The question is what that person hangs on those feelings, the past or the future.

[Posselt] First, I would like in the name of the Sudeten Germans to thank President Havel for his position. A first and important step is to comprehend that violence was used and the innocent people wronged. Havel went

further, however by clearly mentioning the issue of collective guilt several times. No country can afford to punish groups of its population. Finally, Havel stated that forced emigration from a homeland is a punishment. This point is open to question but it is important to recognize that resettling a population is a revanchist policy. The following justification for the resettlement is still heard: The Germans did harm to us, so we'll respond in kind. That is not a correct policy. Once we admit that we jointly destroyed very much, primarily the tripartite soul of Bohemia, then there is only a short step to be taken to practical conclusions. It would be unfortunate to make the past confront the future; the only sensible path is toward the future.

The Sudeten Germans have tried to do many things in the field of international law, such as defining the right to a homeland. A Pan-European conference on outlawing resettlement could also be planned.

[Heinisch] Jan Werich once said that the only home is where a person played marbles and went to school. This is why I think that the Czechoslovak state should make it a priority to allow those who grew up there and who want to return to do so. Of course, there will have to be certain legal and political conditions. But the state should be glad that this area will again be fully settled, of course with mutual assistance.

[Vrabec] We have been talking about our return to Europe, but this should be preceded by a return of Europe to our country, a return of European humanistic thought that can eliminate the Asian influences. Over these 40 years the Germans have succeeded in coming to terms with their own history. We have not yet succeeded in doing so, but it is essential that our return to Europe be a genuine one.

[Ort] First I agree with the opinion that there is a pressing need to know history while at the same time searching for new ways to coexist. My second comment relates to the assimilation policy, which brought out one of those curious conflicts in CPCZ policy. When the party was not in power it agreed with equality of peoples and nations, but once in power it implemented the worst possible policy in this area. This involved not only Germans in Czech territory. The Germans were not the only second rank citizens. Dissidents were included, etc. There is much that has to be reevaluated and it is complex. The draft Land Law caused great arguments. If we add to the discussions special rights for Sudeten Germans the discussions will go on for 10 years. For this reason I think that we first have to get our affairs in order, complete the democratization process, and then deal with other issues. These aren't easy either. I would disagree with the words of Mr. Heinisch. The fact of the matter is that most of those who might want to come here did not play marbles or go to school here. Their homeland is where they live today and their ties to Czech territory have only a historical dimension. I do not wish to deny that these are important, but there are differences that have to be considered.

[Vancura] I also have some comments for Mr. Loffler. One concerns the public mood, and most people are not ready for the solution he suggests. The second comment relates to economics. The Federal Assembly passed a law that forbids foreigners from owning real estate and land. We all know that it would be possible to buy a house here for DM25,000. It would probably not be in our interest, and I think of these interests just as idealistically as Vaclav Havel, to change this law before our economic position changes.

[Loffler] Even the most complex issues can be resolved if we will jointly look for the truth and keep all issues on the table. Above all more such meetings are needed at all levels. They should be held as much as possible in the border areas where the fears are the strongest. As a first step I would propose renovating old cemeteries, respecting the right of the dead to peace. Also a documentary collection that we discussed here should go further, including the years prior to 1938, so we can really learn from history.

[Steiner] A comment for the Sudeten Germans: If they correctly understand their role they should become spokespeople for the CSFR in Germany and Austria, especially in favor of economic cooperation. For their part, Czechs and Slovaks should take advantage of opportunities to engage in such difficult things as language study. Your country has three German-speaking neighbors. And without knowledge of European languages you can scarcely enter Europe.

[Posselt] We are working on a number of programs of practical cooperation. If over a period of 20 years a century old enmity between France and Germany was overcome it is certainly possible for Czechs and Germans to do the same. There are probably no two other peoples in Europe who are historically as close. To improve the awareness of this historical closeness we should exchange museum exhibitions, joint exhibits, etc.

[Becher] That really is a beautiful phrase: Home is where you played marbles. But some people see their homes as the places where their predecessors are buried. Also there is more than one national identity. What is needed is mutual understanding and that has been the purpose of our Adalbert Stifter Society. We have invited your writers to visit us, and we now want to organize in Prague an exhibit on German emigrants, then in Rezna in the Fall a symposium on the theme cultural-political perspectives on the 1990's. These kinds of cultural exchanges will help create a proper climate. This is why we were so happy to accept TVORBA's invitation, as the cultural and political periodical of the Czech intelligentsia.

The roundtable was finished. Many issues were only presented, some were not mentioned at all, and we disagreed on a number of points. But this is the purpose of dialog. For the dialog to be still more fruitful we would like to hear from you now, our readers.

## HUNGARY

### Constitutional Court Judge on Progress Toward Constitutional State

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[Interview with Constitutional Court Deputy President Dr. Laszlo Solyom, by Margit Gyori; place and date not given: "We Are at the Beginning; On the Way to a Constitutional State"—first two paragraphs are NEPSZABADSAG introduction]

[Text] The fact that a political compromise expressed in the framework of law authorizes three subsequent parliaments of varying composition to make gradual decisions, is not an everyday event. This is particularly so in times when not only power changes hands, but also the system changes. Yet this is [exactly] what is taking place based on last year's political conciliatory talks about the highest forum which protects the constitution. The Constitutional Court has been operating since 1 January. Its panel of judges was [formed and] expanded by the two previous and the current National Assembly, each adding five persons to form a 15-member judicial panel. In this way the full political independence and the legitimacy of the Constitutional Court was intended to be guaranteed. Now, in the second step the Constitutional Court faces a check, if not a check mate.

Based on the schedule, the National Assembly chose five additional judges. Prior to doing so it sought out the new president of the Supreme Court from among the members of the Constitutional Court. Thus, for the time being, the panel of judges is incomplete. How does this circumstance influence the situation of the Constitutional Court? We conversed about short and long term plans with Professor Laszlo Solyom, deputy president of the Supreme Court.

[Solyom] To a certain extent we entered into a transitional period, because the panel of ten judges is authorized to elect the president from among its members. At the first meeting after taking the oath of office, we reached an agreement in regard to two matters. One of these was the fact that we will not rush into choosing a president. Especially because parliament must choose a new Constitutional Court judge to fill the place vacated by Dr. Pal Solt. It must do so within two months from the date of his resignation, i.e. by 26 August. On the other hand, our authority was not infringed upon, because in the highest forum for reaching decisions, eight judges constitute a quorum. Hereafter not only the workload of the Constitutional Court judges will decrease, but the weight of the decisions rendered by this body will also increase.

[Gyori] I would think that one may regard the fact that you are operating on the basis of provisional rules of order also as an indication of a transitional condition.

[Solyom] The previous parliament left the creation of a law providing for rules of order for the Constitutional Court to the current parliament. On the other hand, in this way we were able to subject our detailed procedural and operating rules to at least a six-month practical test. We expect to submit to the parliament the legislative proposal providing for rules of procedure this fall. In a similar manner, we postponed the creation of the ten judge panel to coincide with other high caliber steps that must be taken. These include, for example, the petition challenging the death sentence. In this regard we will formulate our conceptual position after thorough analysis during the autumn. The other, extremely complex case pertains to the legal implications of abortion. Also this requires a rather broadly based analysis.

[Gyori] Last year, when only the broad concepts were being drawn for the full time institution to protect the constitution, many objected to the idea that anyone would be able to turn to this high forum of public law. Aware of our habit of complaining, experts were concerned that all hell would break loose. Were these fears justified?

[Solyom] Measured on an international scale, we proposed the broadest possible right of initiative. Anyone, even foreign citizens, may initiate proceedings in this Court, challenging the constitutionality of legal provisions, or decisions based on provisions regarded as unconstitutional. This opportunity is open to everyone. It constitutes an extremely democratic feature. It would be wrong to impose any constraints in this matter. Already, private parties have turned to us in 552 instances, while firms, institutions, [political] parties and associations were involved on 103 occasions. In my view, sooner or later a solution must be found to avoid burdening the Constitutional Court with obviously groundless claims. And there are still many misunderstandings. There are some who exhaust all forums of legal recourse, then turn to us seeking supralegal recourse against affirmed judgments of courts. This problem may be resolved from a technical standpoint by introducing the requirement of legal representation ["lawyers"], as is customary abroad. This filter of attorneys would weed out from the start certain cases which do not belong here. True, this would incur some expense to clients. Otherwise, the proceedings of the Constitutional Court involve no fees or expenses at all. In other countries, they also demand proof of some kind of personal standing from the person who submits the proposal. Nevertheless I do not think that it would be appropriate to introduce this feature, because it would indeed limit the group of persons that would come to us.

[Gyori] Considering conditions in Hungary, in what direction may the organization develop further? Particularly in these days, when parliament changes the constitution every week—a constitution that has been amended several dozen times since 1949. How can a basic law like this be protected?

[Solyom] The Constitutional Court receives its mandate from the National Assembly, but is not dependent on the National Assembly. Actually, in this extremely pliable situation, the Constitutional Court is the sole stable point in the system of constitutional organs. Our judges are elected for nine-year terms, while governments and parliaments change. And it is precisely the independence of this forum that guarantees that we are able to pursue consistent legal policy. Frequently, under hard-to-see-through circumstances it is our particularly important task to interpret the constitution. An invisible constitution takes shape while expounding the contents of terse declarations. This may also maintain the legislature within a relatively solid constitutional framework.

[Gyori] While the National Assembly is preoccupied with the construction of the basic institutions of a new, democratic, constitutional state, hundreds of thousands of people experience uncertain situations mainly as a result of missing laws. I have in mind here the unsettled state of reprivatization, the fact that the guarantees for residence in state rental apartments have not been developed. But also the legal protection of personal rights is being delayed at a time when retirements related to the changing system are a daily occurrence, and when mass unemployment is at the doorstep. Do such matters escape the Constitutional Court's [attention] for the time being?

[Solyom] Part of these processes may be sensed within the Constitutional Court already. As of recently, former owners have submitted series of complaints related to the 1948 nationalization. A clarification will soon be needed to determine whether the nationalization at that time may be regarded as a violation of the constitution, and if so, whether any unconstitutional failure to act occurred as a result of no legal provisions for indemnification having been enacted. We sense the uncertainties of the transition period also in other respects. For example, in regard to apartment rental payments we received a submission in which the complainant requests that we take a position on whether the principle of equal rights of citizens is being violated by the fixed rate of rental fees in state-owned apartments, while rental fees on privately owned housing may be twice as much as that of rents paid for state-owned apartments. Moreover, rent controls are expected to be removed from such privately owned housing ("belong to the free pricing category").

There is one matter though that we must see clearly. Irrespective of what is at issue, the forum designed to protect the Constitution deals with the constitutionality of legal provisions applied, and not with the implementation of legal provisions. The Constitutional Court has no jurisdiction if, for example, a person feels that his basic rights were violated as a result of being made to retire, but has no objection to the legal provisions governing pensions. Thus far we were asked to render opinions concerning personal rights in two instances. We

declared unconstitutional the use of personal identification numbers in the registry of firms and of the nominating slips, and we said that a worker's right to self-determination is violated if a trade union represents the worker without his knowledge, or against his will in a labor affairs case, as trade unions were able to do before. All this, of course, is only the tip of the iceberg. The constitutional adjudication of a few cases cannot replace the long delayed legal settlement of personal rights and of the right to privacy.

[Gyori] In the final analysis: is the Constitutional Court able to act if parliament changes the Constitution in an unconstitutional manner?

[Solyom] The Constitutional Court acts only if requested to act. One cannot avoid, of course, that the Court takes note of an amendment which is inconsistent with other parts of the basic law. Parliament provided an example for the unconstitutional amending of the Constitution barely a few weeks before the elections. Many complained that Hungarian citizens temporarily staying abroad will not be able to vote, because according to the election law they are "impeded" in exercising their right to vote. We declared this restriction to be unconstitutional. And yet, due to the proximity of the elections, parliament had no confidence in the technical aspects of organizing voting processes abroad. It resorted to the most simple solution: by way of a constitutional amendment it revoked the right to vote for persons staying abroad. This is unconstitutional. The basic law provides an itemized definition of reasons for which the exercise of basic rights may be restricted, and [in this case] none of these causes prevailed. Yet, we were unable to initiate proceedings in the absence of a petition. And had we acted by instantly declaring this constitutional amendment null and void, a theoretical question would have arisen: do we have the authority to review a constitutional amendment? In this regard the law concerning the Constitutional Court does not provide a clear-cut rule. Even abroad this issue is a matter of interpretation.

[Gyori] All this demonstrates well the political limitations of constitutional adjudication which is independent from parliament and from daily politics.

[Solyom] The fact is that it would be too early to raise the issue of whether we have or have not the authority to deal with the constitutionality of constitutional amendments. In order to deal with this issue a more solidified position, several years of solid, ripe theoretical adjudicative practice, is needed. And further, it would be necessary that the highest state power and legislative body recognize in the course of its work, and in the framework of the established boundaries of constitutional statehood, that at issue is not the idea that another power center intends to place itself at a higher echelon, above the constitution. Instead, at issue is the fact that we are bound not only by the letter of the Constitution, and that on occasion we must make our evaluations based on standards higher than the Constitution.

[Gyori] On the other hand, the National Assembly is able to change the Constitution at any time.

[Solyom] This is true, but the framers of the Constitution are also bound by certain standards. Such standards are, for example, the generally recognized rules of international law which guarantee basic human rights. A certain degree of circumscription on the one hand, and freedom on the other, prevail in legislative work. But in the event that the Constitution were changed in a manner diametrically opposed to a judgment of principle issued by the Constitutional Court, the conflict could be resolved only in one of two ways. Either the Constitutional Court would have to resign, or the institution would have to be abolished. Either of these actions would be scandalous in a constitutional state.

The Constitution, and laws consistent with the Constitution, are of course only the implements of constitutional statehood. It includes also the practice followed by state organs on the one hand, and the behavior of citizens on the other. The law governs human conduct in such a way that it does not weigh on citizens as an alien, external power. The practice of constitutional statehood in democracies which have functioned for several decades constitutes an organic part of everyday life. It is our task to nourish this idea, and to assist the process which is at its very beginning in Hungary. So that we need not see submissions in which citizens regard assistance provided to large families as a matter violating the principle of equal rights of citizens. Because the game of equality thrown around during the past decades survives in the public mind as a heavy legacy. And still today, it is incumbent on us to provide an explanation in principle about the difference between the continually discontinued exceptions and privileges on the one hand, and positive discrimination, on the other. And about the fact that the latter is based on the idea that guaranteeing the social security of families with several children, and supporting families, is the constitutional duty of the state. We are at the beginning of building a constitutional state in every respect. And this is accompanied by the need for framing a more specific constitution, one that can serve as a better yard stick, rather than adding to and patching up [the existing constitution].

#### Chief Justice on Past Political Interference, Future Courts

25000763C Budapest MAGYARORSZAG in Hungarian  
13 Jul 90 p 19

[Interview with Chief Justice Dr. Pal Solt by B. Csaba Almasi; place and date not given: "Courts—Without Prestige"—first paragraph is MAGYARORSZAG introduction]

[Text] The other day a rare but joyful event took place on the domestic scene: A person who has worked previously for long years at an institution was chosen to head that institution. And because this event is joyful, the practice should be continued. The president of the Supreme

Court, Dr. Pal Solt, took his oath of office last week. After completing law school, he started his career as a [law] clerk. Starting at the bottom of the hierarchy he gradually worked his way up: He served as clerk to a judicial council, as secretary to the president of the Supreme Court, and then, after a few years of "infidelity," when he worked at the legal department of the Ministry of Finance, he became a judge, and beginning in 1987, judicial chairman at the Supreme Court. In November 1989 he became a Constitutional Court judge as the "neutral fifth." (A curious tidbit: the then state party MSZP [Hungarian Socialist Party] and the opposition agreed that each side would nominate two persons to the Constitutional Court, and the fifth person would be "independent.") Dr. Pal Solt returned to his original workplace.

#### They Interfered

[Almasi] Many believe that the Constitutional Court represents the peak of a judge's career. Does it not hurt that you left the Constitutional Court?

[Solt] And being president of the Supreme Court is the other highlight of a judge's profession. I regarded my selection to be a Constitutional Court judge last year as a great honor, and I liked that kind of work. That mandate was for a nine-year term—I could not believe that I would change jobs this soon. But they asked me to serve. After some inner turmoil I decided that I would accept this, which is perhaps an even more difficult task.

[Almasi] What is the most important difference between the activities of the Supreme Court and the Constitutional Court?

[Solt] In highly simplified terms: The Supreme Court, just as the rest of the lower courts, applies legal provisions in effect, while the Constitutional Court deals with legislation, i.e., it examines whether legal provisions are incompatible with the Constitution. There are connections between the two, of course. If the [Supreme] court feels that a legal provision, a decree to be applied in a given case, is incompatible with the Constitution, it may suspend [its] proceedings and may turn to the Constitutional Court. [It is not clear whether only the Supreme Court, or also the lower courts may refer cases to the Constitutional Court.] In other words: Where the work of one of the courts ends, the function of the other begins.

[Almasi] In real democracies [those not qualified by "People's," "Socialist," etc.] the administration of justice operates as an independent branch of power, always independent of politics. We know well that in Hungary the situation was not quite this way in past decades. You worked at the Supreme Court ever since 1960. Did you sense during that time some direct political guidance, the influencing role of the state party?

[Solt] At the outset, at the bottom of the career ladder, I could not have had such personal experience. As a judge and as a judicial council chairman I was aware of course

that in certain specific cases they tried to exert pressure on the courts, and in several instances judgments indeed reflected the expectations of political leaders. But one must recognize one thing clearly. Such cases arose only occasionally, primarily in regard to highly publicized criminal cases, and therefore it would be unfair to accuse the entire judiciary system of collaboration, fraud, and opportunism. A large majority of the judges did not become corrupt; they performed their work in an honorable way. Thus, the public view of the administration of justice on the whole is far worse than the actual situation warrants. At the same time, the fact is that even a single violation of judicial independence may cause immeasurable damage to society.

But the real problem did not emerge in this area. Far greater problems arose from the fact that the selection of leaders of courts was preceded by political manipulation. This then had a counterselective effect; many unprepared, untalented people rose to leading positions.

#### Appeals Courts?

[Almasi] Would you find it inconcievable today that the political sphere—certain parties and other organizations—would interfere with the activities of the judiciary, in violation of its independence?

[Solt] At least there are some factual guarantees to the effect that this could not occur. Some legal provisions were created in the recent past which in theory rule out the possibility of such interference. It is of course far more difficult to change the subjective, the human, consciousness, and therefore it could possibly occur to some persons to attempt to interfere. But legal means and strict sanctions may perhaps have a sufficiently deterrent effect.

[Almasi] In your judgment, what relationship should the judiciary develop with the other two branches of government, with the National Assembly and with the Council of Ministers, and within that, with the Ministry of Justice?

[Solt] This is an extremely important issue. The shape that the new judicial branch will develop into in the future, hinges on this matter in a decisive way. On the other hand several issues have been clarified already. According to these, courts will not have a direct relationship with the parliament; they will function quite independently from the parliament, and from other [branches of power]. In addition, the president of the Supreme Court has a certain periodic reporting duty on the functioning of the institution, but representatives cannot file parliamentary inquiries. This right of the representatives was abolished recently. The authority of the government, of the Ministry of Justice, to oversee any aspect of the courts must be abolished. These functions must be assumed by autonomous judicial governing bodies. (There is already one institution of this nature: the Provisional Council of Judges.) And aside from all that, the judiciary must also become financially

independent of the government. Today, with the exception of the Supreme Court, which manages its business independently, the courts are part of the budget of the Ministry of Justice.

[Almasi] There is a lively debate among legal theoreticians and practicing jurists about ways the structure, the organization, of the judicial branch could be changed. What are your views on all this?

[Solt] I do not yet have a fully articulated opinion in this matter. I must study all the options thoroughly before I can take a final position in support of one of the alternatives. But I share the view which holds that the institution of protesting the legality of affirmed judgments must be discontinued. The concept by which only two persons—the president of the Supreme Court and the supreme prosecutor—have authority to decide whether a court decision should be challenged after the exhaustion of a single appeal, cannot be sustained. Citizens must also be given an opportunity to turn to a second appeals forum—within appropriate limitations, of course. To accomplish this it will be necessary to include a new appeals forum in between the county courts and the Supreme Court. These would be appeals courts of a regional character. But it is also conceivable that the present structure would remain, and that following an affirmed judgment by county courts one could seek legal recourse at the Supreme Court. Just which solution is most appropriate requires thorough consideration. The introduction of a new judicial level is tied to material, financial, and personnel considerations. (Additional buildings, premises, telephones, as well as many more judges and administrators would be needed.) Although the development of this concept is within the realm of the Ministry of Justice, they will of course take our views into consideration.

#### The Danger Is Great

[Solt] I do not plan to institute major changes in the Supreme Court. This structure evolved through the years and it functions relatively well. On the other hand, I will discontinue the positions of deputy presidents which head the various adjudicative colleges within the Supreme Court, and I will require only one deputy president in charge of tasks of a general character. And in the future the various colleges will be chaired by college leaders.

[Almasi] Judges enjoy tremendous prestige in developed, democratic countries. In Hungary they work virtually for starvation wages, in terrible circumstances, they deal with a large number of cases simultaneously, and their recognition, prestige, is at a minimum. For this reason, in most instances the untalented, and the truly dedicated law students choose this career; as lawyers, or as well-to-do legal counsels of firms they can earn multiples of the income of judges with less effort. What are your perceptions in regard to changing this tragic situation?

[Solt] Perhaps I am somewhat biased, but I do not see the situation as so dark. Very many well-trained, clever,

intelligent people work at the courts. On the other hand it is true that they are overburdened, and that their salaries are ridiculously low. But my possibilities are limited, because the money to be distributed is not in my hands. All I can do is to regularly call the attention of parliament, the government, and of the public to this grave concern, and if necessary, I will "fight" in order to change this situation. This problem involves the working conditions and existential concerns not only of 1,500-1,600 judges. The danger is far greater if we consider that these people render decisions concerning tens of millions of forints, family matters, the loss of freedom and human lives, and it would be tragic from the standpoint of society as a whole if judges work superficially and subjectively, without considering the facts, because of lack of time, their wornout nerves and personal problems.

#### Shaken Confidence

[Almasi] The fact that you are taking a stand in defense of the interests and the prestige of the judiciary was revealed in one of the recent interviews you granted: You very firmly rejected Jozsef Torgyan's accusatory remarks. Will you be this forceful in the future as well?

[Solt] In his remarks in parliament the Smallholders Party faction leader regarded a Constitutional Court decision as "legal stitch work." Also I believe that anyone should be able to have an opinion regarding court decisions, that anyone may hold an opinion that is different from the court decision, and that such views may be expressed in public, even before the National Assembly. But no one has the right to talk in such an insulting, humiliating manner. The prestige of courts, and the public confidence in courts, which has been shaken already, will be further reduced after such unfounded and hurting remarks. Since I regard this tone of voice as unacceptable, I will continue to take a firm stance against such manifestations.

#### POLAND

##### Deputy Prosecutor General on Office Restructuring, Procedures, Crime

90EP0827A Warsaw POLITYKA in Polish No 31,  
4 Aug 90 pp 1, 6

[Interview with Janusz Eksner, deputy prosecutor general, lawyer, and reporter, by Stanislaw Podemski; place and date not given: "A Normal Public Prosecutor in a Normal State"]

[Text] [Podemski] The statistics on dismissals from the public prosecutor's office already are known: 341 public prosecutors (i.e., more than 10 percent) have been discharged from their posts as a result of the vetting ordered by the Decree of 22 March 1990.

[Eksner] There has been no vetting in the literal meaning of the word. No one has been verified, and there were no

formal performance evaluations or reprimands. The decree placed the prosecutor general under the obligation of reappointing the existing public prosecutors if they met specific requirements. Thus, during the period until 30 June 1990 it was binding merely for the purpose of carrying out a kind of personnel review. You mentioned the results of that review, and they are precisely that 10 percent of prosecutors have been discharged.

[Podemski] How many of these have been working at the offices of the former prosecutor general?

[Eksner] Thirty seven persons, or as many as one-third of the staff of these offices. But, e.g., of the 25 members of the then, top management of that prosecutor's office only five have remained (and only one of them continues to exercise managerial duties). A majority of these 20 persons parted with us by retiring on old-age pensions or annuities. This applies to, for example, L. Pietrasinski, the deputy director of the Investigation Department, a man who need not be characterized, because that was already done convincingly by J. Kuron in his book, "Wiara i Wina" [Faith and Guilt], or to L. Anders, chief of staff of the Office of the Prosecutor General of the Polish People's Republic, who, when I had asked him to explain his participation in the so-called operational staff which had directed the pacification of Radom in June 1976, arrogantly refused any comment. Retirement has provided such persons with the comfort of silence, but of course they will find it difficult to avoid moral opprobrium. Professor B. Holyst, director of the Institute for Problems of Crime at the Office of the Prosecutor General, has submitted his resignation on his own, which is just as well as otherwise he would have shared the fate of his pensioned-off associates. But let us return to the general principles of the aforementioned personnel review. The public prosecutor's office did not reappoint those individuals who had in the 1980's shown excessive zeal in executing the decisions of the then political authorities and in court trials of a political nature (e.g., the notorious ladies W. Bardonowa and A. Dedko-Jackowska) as well as those whose professional qualifications leave much to be desired. Of course, "excessive zeal" is a relative, fluid, imprecise concept. The proportion of reappointments to the posts of public prosecutors differs in different voivodships. For example, all of the 59 public prosecutors in Zielona Gora Voivodship continue to perform their duties, whereas in the Gdansk, Elblag, Czestochowa, Radom, Bielsk, and Torun voivodships this proportion is the lowest; there every fourth or fifth prosecutor had to be discharged. It is difficult to say how much this geographical pattern has been influenced by the rigor with which the new heads of voivodship public prosecutor's offices—and the initiative in this respect belonged to them—viewed the question and how much by the previous political servility and zeal of the local prosecutors.

[Podemski] I am not going to dispute with you the differences between vetting and "personnel review," as you term it, but is it a fact that you have already received

more than 100 appeals from persons who feel that they have been unjustly dismissed?

[Eksner] In view of the short period of time designated by the decree (three months) it was not possible to avoid errors and mistakes, both ways besides, that is, both in reappointments and in dismissals. The decree does not provide for any appeals, as you know. However, in view of the protests of the Spokesperson for Citizens Rights Ms. Professor Ewa Letowska, and of POLITYKA, too, that is, of you personally, the prosecutor general has appointed a commission which shall, on the basis of a special appeals procedure, investigate the reasons for the failure to reappoint the appellants. Admittedly, the persons appealing for their reappointment include some who have been the subjects of accusations. Here are two examples. Early in the martial-law era there was the notorious case of the Reverend S. Dzierzek, the head of the Jesuit Order, who was accused of "abusing freedom of conscience and of religion to the detriment of the Polish People's Republic" (sic!). His crime consisted in displaying on Christmas a creche depicting certain politically ambiguous nuances disliked by the former authorities, and more specifically, by the security service. The prosecutor in charge of this investigation no longer serves in the public prosecutor's office. And now it has turned out that the Rev. Dzierzek himself is interceding on behalf of his accuser, arguing that he was forced to take up this case and was sympathetic to the defense and it could be seen that he was executing decisions that were not his own. This is not an isolated case, because a banner figure of Solidarity, Mr. Frasyniuk, at present also is appealing on behalf of the reappointment of the prosecutor who had been his accuser in the past.

[Podemski] Meaning that Professor Letowska was right.

[Eksner] Now let us finish with personnel questions. The personnel situation at the public prosecutor's office is quite difficult. For example, in Warsaw, there exist 200 job vacancies. But that is not in the least due to the aforementioned personnel review. The cause is rather the entire past of this profession. However, this situation will shortly improve, because we cannot complain about any shortage of applicants. Thus while in the past anyone who could had left the public prosecutor's office for the bar, now we are dealing with an opposite situation. Lawyers are knocking en masse at our doors in search of jobs—something that used to be inconceivable. More than 30 lawyers have recently been appointed public prosecutors, and 14 of them even are voivodship prosecutors! We employ a thousand legal assistants, and hundreds, hundreds, have submitted applications for assistantships. It may even be said that there is a kind of run on this profession. Unfortunately, this year we can hire only 250 legal assistants. A normal selection of applicants has finally become possible.

[Podemski] How does the public prosecutor's office view crime in 1990?

[Eksner] Let me give you two figures. Throughout the past year public prosecutors initiated 535,000 criminal proceedings, whereas for the first half of this year alone that number reached 428,000. At the same time, what we term the detection index is falling, that is, we detect and apprehend fewer thieves, burglars, murderers, and assailants. These two facts illuminate the extent of crime statistics. Add to this the unknown number of cases not reported to the police, which is sometimes several score higher than the known number (e.g., in cases of rape the victim rarely complains to the police). The car of a neighbor of mine has recently been burglarized six times, but he did not report this even once to the police precinct. Why? Because he doesn't believe it will do any good. Nowadays there is a dangerous convergence of two trends: the end of totalitarianism and, in its wake, a loosening of social restraints. Laws are being broken more often nowadays, with some ostentation where incomprehensible and irrational phenomena are concerned. Destruction is wrought for the sake of destruction; people are being beaten for the sake of beating them. At the same time, the police are experiencing a crisis of their own, I would say an institutional crisis, which is being widely publicized in the press. It is superimposing itself on the social and economic crisis. Such is the picture of crime which we desire to change and curtail, and we believe that we shall succeed in this.

[Podemski] When I am told of statistics, I think about their falsification, by the [former] militia [now police] too. There was even a related trial of a Pruszkow militiaman some years ago.

[Eksner] There were, of course, more such statistical forgeries, e.g., in Praga and probably also in Mokotow [precincts of Warsaw]. Statistics were fitted to wishes and assumptions without any moderation or decency. But now we have been assured by the heads of the police that the present figures are realistic and consonant with truth. Our observations confirm this. In the public prosecutor's office, too, statistics used to be manipulated. Consider that under socialism there were supposed to be no criminals at all, and the public prosecutor's office and the militia were evaluated, rewarded, or admonished precisely according to statistical indicators. If, for example, the index of judicial exonerations for the country as a whole was 1.5 percent but in some region it was 0.2 percent higher, the local prosecutor owed an explanation and was liable to be penalized in a major way. Before the war as many as 20 percent of court cases ended in acquittal, but no one had blamed the public prosecutors for it. The statistical fetish burdened the prosecutor's office for 45 years, rewarding mediocrity, incompetence, and shirking. We are, of course, making a resolute break with all that. Let there be raw inconvenient truth, so long as it is truth.

[Podemski] Public opinion is disturbed because years pass but so far the perpetrators of the killings in Warsaw's Old Town, the bank robbery in Otwock, and many other major crimes have not been caught. After all, it is

the public prosecutor himself who handles the investigation in major criminal cases.

[Eksner] But he relies on the police, and the detection and apprehension of the criminals depends on the police. I would estimate the extent of our participation as public prosecutors in such matters at five or perhaps 10 percent. Unfortunately, we are not the sheriffs in American films. Our duty is to monitor the level of the investigation in progress, in a word, to make sure that it is consonant with the criminal procedure and the deadlines, safeguards, and recommendations it includes.

[Podemski] There are complaints that the prosecutor's office nowadays is releasing criminals who had been apprehended with difficulty by the police, that public prosecutors are reluctant to have criminals arrested. To be sure, until 1990 there had been abuses, but are not we nowadays going to the other extreme?

[Eksner] Toward the end of 1989, 20,611 persons were in detention, that is, 8,000 fewer persons than in 1988. Some say that this is still too many and others that it is too few. Here it is difficult to find the golden mean. To us, temporary detention is an important aspect of our vision of a reformed prosecutor's office. In the quite recent past any crime entailed immediate incarceration. Detention ordered by a public prosecutor was construed as a means of repression; it preempted a judicial verdict and was an element of a Draconian criminal policy. It is finally time to return to the criminal-code sources of detention and employ it in the event of suspected intent to escape or hide, or in the event of suspected obstruction of justice or criminal collusion. Please bear in mind that sooner or later—that also being the legislative intent—only the courts will be able to order detention. The courts will also certainly consider appeals against quashing proceedings. We public prosecutors have been too often encroaching on the courts' competences. After all, it is the prosecutors who at present decide whether to quash criminal proceedings owing to lack of evidence, and it is they who evaluate evidence, rejecting some and accepting some—in a word, encroaching upon the powers of the courts. Where is that legal tradition? Where is the respect for the division of powers, for the judicial vocation?

The most popular and effective means worldwide is court-ordered bail, that is, securing of assets [of the arrested person in order to release that person temporarily]. It can successfully replace detention. In this country it has not been employed (except in cases of foreigners), on the grounds that the rich can buy their way out while the poor have to sit behind the bars. But there are no reasons why the family or friends of the accused should not provide bail. Then they will watch over the accused to make sure that the money they laid out would not be forfeited. After all, that bail will not be lost if the future accused refrains from fleeing, going into hiding, engaging in criminal collusion, or suborning

witnesses. We also have at our disposal police surveillance which, I admit, needs to be better organized. Civil rights should not be abused; they should be put at risk only when really necessary.

[Podemski] Last fall judicial monitoring of detention by the police (for up to 48 hours), also abused in the past to hassle the political opposition, was introduced. There were many such cases, in tens of thousands. I am told that there are no such cases at all at present, and that court registers contain no related complaints. Might not it be that at present we are too liberal toward, say, street adventurers?

[Eksner] Indeed, there are no complaints about detentions now, but some people are being detained. If they are not petitioning the courts for protection then, obviously, they realize that their chances for judicial intervention are very small.

[Podemski] Recently there has been considerable publicity about the sentencing of a woman who, in defending herself against an assault, choked her assailant to death. Even policemen are reluctant to use weapons, because they fear being held responsible. Consider the latest commentary on the Criminal Code which declares that the Supreme Court is expressing conflicting views on a person's right to defend himself or herself against assaults by a criminal. The victim of these contradictions is the policeman or the person who resists the attacker. This cannot be!

[Eksner] I agree that the actual application of the provision governing the so-called necessary defense leaves much to be desired. Sorry to distress you but let me tell you that, worse even, the draft of the new criminal code is introducing additional room for doubt in such cases.

[Podemski] Let the victim of these doubts be the criminal and not the policeman or the person defending himself or herself against the criminal.

[Eksner] I believe that the public prosecutor should interpret reasonably the right to necessary defense and the admissibility of using a weapon and quash proceedings in such doubtful cases. The injured criminal (or his family) will then be able to appeal that decision to a court; this may be regulated by future criminal procedures. We must assure optimal conditions of self-defense, otherwise no one will be prompted to defend and assist others.

[Podemski] Let us hope that will be so, because then those who defend their lives, health, or property will be relieved of the burden of accusation, trial, and defense. It should be the injured criminal who would sue. I do not think that he would do that often.

[Eksner] A couple of days ago we hosted a group of public prosecutors from the United States. What are our American colleagues nowadays chiefly concentrating on? On arguing—as we also are doing in this country—that people should install window bars, alarm devices, and

good doorlocks, pay attention to loitering strangers, and overcome the anonymity reigning in large buildings and housing projects. And yet the police in the United States have at their disposal substantial funds and the latest technologies. No one is surprised at catching cold after exposure to a draft, yet people everywhere complain that the police were not on the spot when a negligently closed apartment was burglarized.

[Podemski] What is at present the principal credo of your office?

[Eksner] That decree of last March which I mentioned closes a chapter in the history of the public prosecutor's office and opens a new one. The closed chapter was characterized by "Loyal service to the Party and the fatherland in strengthening the socialist legal order" (such being one of the slogans that used to hang in the conference room of the Office of the Prosecutor General of the PRL), formal omnipotence and nugatory practical possibilities, and periods of calm followed by periods of frenetic action to gratify new political decisionmakers, along with statistical "success" stories. That chapter should be closed with the finding that the so-called Leninist model of the prosecutor's office has become totally compromised and has collapsed. With what are we opening the new chapter? We proceed from the premise that normal public prosecutors should operate in a normal state. The [past] penetration of nearly every domain of life, with generally dubious consequences, termed "adherence to legality," was abnormal. Now the return to traditional law enforcement based on facts will be normal. [In the past] the practice followed by public prosecutors in acting in lieu of the citizen in vindicating his rights in civil, administrative, and judicial proceedings was abnormal, but now personal handling of [only the] major criminal cases by the public prosecutor will be normal. [In the past] the largely primitive practice of crime prevention (based on, e.g., threatening an inebriated husband with arrest should he beat up his wife) was abnormal, but now the public prosecutor's full participation in judicial proceedings, instead of substituting for the judge, will be normal. [In the past] it was the abnormal practice to await a phone call from the [Communist party] "Committee" or a decision from the top, whereas now the autonomy and independence, and greater responsibility [of public prosecutors], will be normal. Thus the present credo of the Office of the Public Prosecutor is as follows: Handle less but do everything better, and bear in mind that it is criminal proceedings that are the domain of the prosecutor's office, and that the central issue on which the work, interests, and efforts of the office are focused is crime. Thus, priorities have changed. The new priorities are to pursue and catch criminals and accuse them in the courtroom, and, as for everything else, that is beyond the resources, possibilities, and actual needs so far as the prosecutor's office is concerned. The Decree on the Office of the Prosecutor General has eliminated from its duties the penetration of major domains of adherence of law such as industrial safety, hygiene of labor, or the

violation of some or other housing regulations. However, the public prosecutor will be the ally of destitute and helpless people who are not capable of acting on their own behalf. Emphasis will be placed on assisting crime victims by instituting civil actions against the criminals. We shall also intervene in the outrageous trend of the appropriation of public property by companies formed by people from the nomenklatura. But all this will not alter the proportions: 90 percent of our attention will be focused on criminals and crime.

[Podemski] Thank you for the interview.

#### Bujak on Citizens Movement-Democratic Action, Center Accord

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28 Jul 90 pp 1, 5

[Interview with Zbigniew Bujak, cofounder of Citizens Movement-Democratic Action [ROAD], by Aleksander Checko and Marian Turski in Warsaw; date not given: "West of the Center"]

[Text] [POLITYKA] A simple question: Have you founded a new political party?

[Bujak] Yes, but we do not want to use the concept of a party. It has so far been linked to groupings formed in the 19th century, to certain traditional concepts in the language of Europeans. Please note what is happening to these concepts nowadays. The Communists are calling themselves social democrats and the extreme Right is flocking to the Center [Walesa's Center Accord].

[POLITYKA] Well, not only the extreme Right.

[Bujak] I am speaking of those who identify themselves with it. At any rate these facts show that defining oneself in accordance with the old criteria says nothing. Linguistically a party means a part, and hence if we are to divide ourselves into parts, we should consider how. We want to jettison a tradition which we do not accept. On the other hand, we are pondering the possible effect of some occurrences in Europe on the new criteria for division. Nowadays Europe is uniting itself.

[POLITYKA] But let us return to the initial question. As we understand it, you intend to be not so much a coalition of groupings as, in a sense, a party, with dues and identity cards. With what base?

[Bujak] We still do not have identity cards, and we still are counting the applicants, but we expect formal, individual membership in the Movement. We have already designated regional representatives who will establish voivodship branches. These in their turn will assist local branches. But we do not aim at mass recruitment of new members.

[POLITYKA] What role will be played by citizens committees in your Movement? Will you begin to compete for them with the Center Accord?

[Bujak] We view these committees as a highly decentralized movement which wants to have no single leader. It has remained, in accordance with L. Walesa's wish, an umbrella association of many groupings. Yet at the same time L. Walesa has also appealed for its division into various groups, for pluralism. Representatives of the Cener Accord are nowadays traveling to these committees, presenting its program, and registering sympathizers. We shall do the same thing. We intend to associate a majority of the society, though certainly not all will share our road. We desire to be open and chiefly bet on young people.

[POLITYKA] Why?

[Bujak] The transition to democracy, to a free market, means entering a totally new sociopolitical reality. Older people find it hard to adapt themselves to it. Resistance is growing, and I also perceive it rising among workers, against reform in the workplaces, because that means extensive unemployment. What is more, management and workers are entering into unwritten agreements of the kind, "We will not fire you and you will not dismiss us." I also perceive this resistance among the peasantry; the number of farm bankruptcies will rise. Agriculture employs 36 percent of the labor force, but six to eight percent would be enough. We desire to recruit for our Movement diversified and specialized farmers, to whom the future belongs. They too have their problems; they cannot repay their loans and lack adequate export opportunities. We shall leapfrog these problems together with them.

[POLITYKA] Are not you apprehensive that then your party would become a party of the rich?

[Bujak] The rich do not form parties, although they often finance them. We stress rather the growth of the middle class, the nascent small business, crafts and trades, services, small industry, small and medium companies. This is the class that will now matter most. It must grow, while we must promote changes in economic policy that would foster that growth. Peasants and workers must focus on forming their own workshops and service establishments, if they desire to remain in step with the times. Anyone who adapts himself to the new free market reality will be our partner.

[POLITYKA] Both you and Wladyslaw Frasyniuk come from big-industry working class. Are not you excluding the participation of your former fellow workers in your party?

[Bujak] No, but it must be realized that certain big-industry workers will not reconcile themselves to the fact that their class is departing from the political and economic scene unless they understand that they must switch to small-scale industry or organize it themselves, because if they strive to keep insolvent mines and factories going, then they cannot count on us, on new support.

[POLITYKA] Is not this a mistaken diagnosis? Consider West Europe and America, where big-industry workers still are part of the scene.

[Bujak] But let us consider the proportions. In this country 60-70 percent of the workers are in big industry, whereas over there it is at most 30 percent. But why am I speaking of these things at all? I believe that it is precisely I, a former heavy industry worker, who have the duty of warning my fellow workers about what awaits them, regardless of the opinion they may hold about me. The most dastardly thing I could do would be to keep secrets from them in order to gain their votes.

The thing I fear most is that the Polish reform might proceed in face of opposition from the workers and peasants. The first signs of this have already appeared. Some people will then say, "The rabble must be kept down." But, for example, Spain has avoided this, and so I think that if we are aware of the perils facing us, we may still succeed.

[POLITYKA] But let us stay with the economic aspects. Do members of your Movement believe that the state's interventions in the economy are excessive or insufficient?

[Bujak] Above all, there is too little precise knowledge of the nature of state interventionism at present and with respect to particular cases. Balcerowicz [finance minister, author of restructuring plan] lacks partners with whom to pursue economic policy. I am not an extremist liberal. As regards the economy, I do not think that it is best to leave it to itself. Most likely, it would then collapse; in this sense, pure liberalism is unworkable.

Consider another problem. If farm policy is faulty, it is not because Balcerowicz does not like the peasants, but because there does not exist any adequate peasant representation which would work out some coherent farm policy in order to debate it thoroughly with Balcerowicz and thus get it introduced. A similar situation exists in the crafts and trades, small industry, and services. I have indirectly experienced this. I have been trying to persuade people from that sector to organize themselves and work out a common stand on taxes, the credit system, reforms of artisan guilds, and customs duties. But to do that they have to organize themselves. Well, until recently theirs had been a suppressed community, so that they could only complain.

[POLITYKA] You may be exaggerating about this absence of representation. After all, the PSL [Polish Peasant Party] has a program of its own.

[Bujak] Yes, but only since recently. Besides, their program has yet to be coordinated and revised depending on the condition of the nation's coffers, the situation of industry, etc. A program is something that has to be constantly modeled.

[POLITYKA] But specifically, if you were to revise the Balcerowicz program at present, where would you perceive room for state intervention?

[Bujak] I find this question to be too specific. Balcerowicz himself is thoroughly aware of the fields in which he wants to intervene: the dairy industry, food processing.

[POLITYKA] Well then, what do the leaders of the Citizens Movement think of the government's existing social welfare program?

[Bujak] Paradoxical as it may seem, this program is still being formulated. Solidarity, in theory the greatest intellectual and political force, somehow missed becoming involved in this matter. Hence we can voice our opinion on the related policy so far only after we familiarize ourselves with the program drafted by the Ministry of Labor and Wages. The preservation of retirement pensions at a level such that their purchasing power has dropped only slightly is a major accomplishment of J. Kuron.

[POLITYKA] You said that, together with W. Frasyniuk, you are "west of the Center Accord." What does that mean?

[Bujak] Members of the Accord made certain comments which perturb us. For example, they are in favor of electing the president by the present parliament, even though the legitimacy of this parliament is being questioned. The outcries against the nomenklatura also are disquieting; they may imply a settling of accounts outside the law, a threat of vigilante justice. We are for a firm but law-abiding policy on all these matters.

[POLITYKA] Does "west of" mean closer to Western democracy, civilization?

[Bujak] Employ legal, parliamentary methods, strengthen the role of the judiciary, etc., so as to prevent methods which would forfeit our democratic accomplishments. The law on cooperatives made it possible to expel the entire nomenklatura from them. This law was properly utilized in the cities but not in the countryside. But here it is not the government that is at fault but activists of rural groupings and local self-governments, who were so preoccupied with politics that they forgot about that law.

Another example is the problem of the employees of the state administration. The law prohibited dismissing them, and nearly a year under the new government elapsed before the law was changed and it became possible to reorganize government offices. I personally found it very infuriating, but I restrained myself because I perceived the logic of this stance of the government. Totalitarianism cannot be abandoned by means of undemocratic methods.

While it had been struggling against the Commune, the society had to shirk the laws. But, in the long run, for the nascent law-governed state, such actions may contribute to anarchy. To sum up, "the shock therapy by rule of law" being administered by the government seems a very sensible policy to me.

[POLITYKA] Can it then be said that your organization would not be formed were the Center Accord nonexistent and the slogans you mentioned not uttered?

[Bujak] Indeed, we organized ourselves as an alternative to the Center Accord. I am personally acquainted with [the Accord's leader] Jacek Kaczyński and feel considerable trust in him as a politician. I expect that he will not allow any mudslinging in politics. He is firmly rebutting all those who resort to anti-Semitic, chauvinistic, nationalistic, or religious slogans. He is distancing himself from all that, but, as can be seen, this does not prevent such people from rallying round him.

In a word, I have greater confidence in the leading founders of the Center Accord, whom I know as decent people, than in the Center Accord as a movement.

Another reason for establishing our Democratic Action was Lech's decision. He declared, "Define yourselves," that is, "Divide yourselves." When a person of such great political influence says something like that, the division becomes simply inevitable. I personally believe that Lech was premature in urging it.

[POLITYKA] You would prefer to give a bigger chance to the government so that it would have time to carry out the change in the system of society, would not you?

[Bujak] Yes, this chiefly concerns the economic reform. After the elections, in the new parliament, there would be time for political differentiation within Solidarity, if it is to happen at all.

[POLITYKA] In your initial declarations you stated that the elimination of Communist relics is a plank of your program. How do you intend to go about it?

[Bujak] These relics are most obvious in the economy, in the administrative structure, and in our habits. As a movement we shall organize a separate debate on privatization, because we view it as the crucial factor; it not only changes the structure of ownership and, in this sense, eliminates the relics of Communism, but also eliminates a certain social structure, namely, precisely the structure that maintains such a large working class and peasantry instead of opening the road to advancement for the middle class.

Another issue is the administration and bureaucracy. The rebuilding of local self-governments means a struggle to rebuild what had been destroyed by Communism. A heated debate is continuing as to whether these self-governments should create their own second level or the state administration should extend itself down to their level. I believe that only a "sink or swim" approach can provide the answer in this case. It may be that some gminas will go under, but the attempt should be hazarded.

[POLITYKA] How is it that you, a Solidarity legend, took so long to appear on the political scene?

[Bujak] I do not feel that I have been passive up till now.

You are interviewing me in the offices of the Stanislaw Batory Foundation, of which I am the chairman. At this Foundation we deal with crucial national issues. If, e.g., Polish-Czechoslovak or Polish-Ukrainian relations are good, that is largely due to the meetings organized by this Foundation. It is here that our mutual trust was conceived. We are now opening an English-language college under the motto, "In the Year 2000 All Poles Speak English." We are working on educational programs, giving courses for stockbrokers, which may result in the rise of the best school for stockbrokers in Central Europe. It is precisely here, through specific deeds, that I am translating into reality the dream of the civic society, which after all means not just government and self-government but also an entire ramified infrastructure of societies, associations, foundations, public activism, of doing something useful without looking up to others. In working here I do not feel myself to be just a bystander.

[POLITYKA] But, together with L. Walesa and W. Frasyniuk, you were not candidates for last year's elections to the parliament. It is time to tell the truth. Why?

[Bujak] There was the element of responsibility. When a man heads a [Solidarity] region, the work has to be completed. Besides, experience shows that it just won't do to combine holding a trade union office with being a parliamentary deputy. But to tell the truth, at the time Lech's attitude was decisive; he declared that he would not enter the parliament. I, along with others, perceived the danger of that peculiar decision, taken against advice to the contrary. After all, a politician of such importance should hold an important formal position instead of remaining an outsider. We even said, "Lech, we know you well, being the head of Solidarity will not be enough for you." But he did not listen.

[POLITYKA] And you did the same thing.

[Bujak] Yes, I felt it necessary.

[POLITYKA] Still, this looked like a deliberate maneuver considering that the outcome of the elections was unknown, a deliberate wish of the three major Solidarity leaders to remain in the reserves, in the "last instance."

[Bujak] If Lech wanted to remain that ace in the hole, yes, that was an important consideration. But he judged mistakenly that neither the parliament nor the potential Solidarity premier would matter most in politics. He was wrong, because after all it is the elected authorities that must take part in political decisions. It is the institution that counts, whether it is the parliament, the premier, or the Council of Ministers. By remaining offstage it is not possible to be the most important personage. We told him so several times, once before the presidential elections—although I praise Walesa for his decision not to run—and another time when he could have become the premier but did not, when it was known that the premier

of the first noncommunist government would be the most important person in Polish politics. But he did not want to believe it.

[POLITYKA] How do you view a presidential campaign nowadays and what is your concept of the presidency? Who is your candidate for president?

[Bujak] As an independent grouping we do not want to nominate a candidate for president. We want to do that in cooperation with other groupings, in the Krakow Alliance for Democracy. Thus, this is to be a joint decision. The election of the first president by the current Assembly was a one-time procedure, a basically undemocratic one, owing to previous agreements. We viewed the Roundtable and the agreements reached at it as something that would not repeat itself, and the previous authorities acknowledged that they would not dispute this issue with us. In order to consolidate democratic procedures, nowadays the Constitution should be amended to provide for direct, popular elections of the president. The presidency remains important and must be correspondingly strengthened. We are opposed, however, to any excessive powers of the president in determining the composition of the government and the government itself. A strong parliament should be consistently supported, and it is best for the parliamentary majority to form a strong cabinet. At the same time, we support the idea of a president who exerts considerable influence on domestic and foreign policy, above all, and who can promote stable economic policies by executing legislation.

[POLITYKA] Krakow would be the venue of meetings of various groupings. But would that concern only the issue of the presidency?

[Bujak] No. For example, the question we are facing is, should we enter the parliamentary elections with only one list or should we "recreate" our alliance after the elections, in the parliament? Both possibilities come into play. We shall decide on 28 July, when our founding committee meets in full.

[POLITYKA] Your view on the many particular issues you discussed may mirror the overall program of the Movement. But still you worded them rather vaguely; you are against certain slogans of the Center Accord; you want to attract young people, etc. Might not it be after all that the Movement has been formed for a more prosaic reason, namely, owing to personal animosities among the Solidarity elite? You and other Movement leaders are viewed as continuators of the KOR [Committee for the Defense of Workers, i.e., intellectuals in support of workers] line?

[Bujak] Since the KOR's membership included people as diverse as Antoni Macierewicz, the Reverend Zieja, Jan Jozef Lipski, and Jacek Kuron, I have nothing against being identified with that group. But if I am to describe more clearly my, or our, ideological premises let me put it simply that we are the genesis of Solidarity. To me, belonging to Solidarity meant not dividing workers from

the intelligentsia, ignoring the backgrounds of others and focusing instead on their contributions to Solidarity, desisting from chauvinistic nationalist phobias, and, lastly, not waiting for the State or somebody else to solve our problems for us. This last thing is perhaps the hardest legacy of Communism to surmount. Over 40 years we lost the habit of civic feeling. And when I hear Center Accord activists declare that one should act "by fiat," that "the society will not cope on its own," etc., this conflicts fundamentally with my concept of the judiciary as the greatest power in the state. For it is the judiciary that should resolve disputes. I view politics as a series of tasks to be accomplished.

[POLITYKA] What are the most urgent tasks and, in your opinion, what is the greatest peril facing Poland at present?

[Bujak] The greatest peril would be the suspension of reforms, in any form. For then all the other economic problems would immediately be compounded, which could create the danger of authoritarian rule.

As for the principal tasks of Polish policy, here I would mention reducing the foreign debt—if there were to exist a single strong Solidarity grouping headed by L. Wałęsa, this problem would of a certainty be easier to solve—and arriving at good relations with the neighboring nations, with Germans, Russians, Ukrainians, Czechs, and Slovaks. There also exist psychological barriers which we must overcome, because often they exist in us ourselves rather than in others. And for example, without a final and authentic Polish-German conciliation Europe will not accept us as part of it, fearing an outbreak of conflict.

I consider just as important a national issue the need to reflect on the Holocaust, one of the most grave events and dramas in world history, which played itself out on Polish soil. It is the duty of Polish culture, and I also view this as a great task for the Catholic Church, to initiate a moral and philosophic debate on this subject.

[POLITYKA] How do you expect events in Poland to unfold in the next year or two? Where is the greater danger to our country coming from? The East or the West?

[Bujak] I perceive no danger from the West, because economic questions can be handled by political methods; they can be negotiated and discussed. On the other hand, when I hear of military activities in Russia, of the threat of a change to autocratic rule, I feel apprehensive. And so far as our domestic political system is concerned, let me rather say what system I would desire and what is probable. Well, ultimately, two major groupings with two major platforms will arise on the political scene.

[POLITYKA] As in the United States: the "Lechites" [Wałęsa's party] and the "Democrats"?

[Bujak] Were the Center Accord and our own ROAD [Citizens Movement-Democratic Action] really like that, along with eventual smaller parties in coalition, this

would augur well for Polish democracy. You are speaking of the United States. As for who in this country will be the "Donkey" and who the "Elephant," time will tell.

#### Characterization of Periodicals, Mass Media Presented

*90EP0787A Krakow TYGODNIK POWSZECHNY in Polish No 27, 8 Jul 98 p 10*

[Article by Józefa Hennelowa: "From Home and Elsewhere—Without Exaggeration"]

[Text] For some time, ever more urgent calls have been heard addressed to the mass media. What's the complaint? Almost universally that the media should meet public expectations which they almost never, but never meet. But if one tries to translate these calls into concrete terms, they become quite contradictory. For instance:

Protests are heard everywhere against "monopolization" of the mass media. There is also the organ of Korwin-Mikke which pulls everything to pieces that it recognizes as "leftist," then there is the press that CZAS NAJ-WYZSZY attacks; there is the aggressive TYGODNIK SOLIDARNOSC, which battles mainly with the OKP [Citizens Parliamentary Club], and there is GAZETA WYBORCZA. There is the arch-right MLODA POLSKA, and the Krakow CZAS, which carefully avoids taking a declared position in any affair; there is the many-sided KONFRONTACJE, and the vehemently anti-Solidarity TRYBUNA; and then there is finally, besides the hundreds of other titles, AGORA, a newsletter-type review of the press with generally no editorial comment, but instead a compilation of the really most curious material of the week. It would seem there is nothing to do but to read critically, to compare and use one's own discernment in placing some trust in a periodical or an editorial staff that suits one best. But, instead of this, a cry is heard about "monopoly," which sounds impressive and threatening and frees one of thinking.

The accusation of monopoly also appears in a specific version. Many politicians complain especially—and always publicly in the press, on radio, or television—that the mass media are closed to them, that their movement or political group has no possibility of disseminating their views or any access to mass media. That these very opinions are expressed with the help of these same mass media does not in the least stop those who make the statements; they seem not to notice this at all.

The next complaint that is heard ever more often is the complaint of manipulation and lack of objectivity. This complaint includes everything: manipulation may consist of one reporter being there and not another; one complement of persons invited to a discussion and not another; the time at which interviews are scheduled; the selection of texts presented by the editor; and the abridgements made by the editor. This complaint [of manipulation] is absolutely unavoidable since only

placing no limits on someone's responses and presenting every report "live" from the place of occurrence would preclude it. And even then I would not be certain of it because, for example, in television, the camera person remains; what a large field for complaints there can be about one placement of the camera or another, close-up or long-shot, bad lighting, etc. etc. endlessly.

Even worse is the situation with "lack of objectivity" in presenting people, interviews, or events. This complaint can always be made, but never is it possible to actually realize something that would be absolutely "objective." For example, after a Sunday meeting of the District Committee, Lech Walesa in a letter to the editor in chief of TYGODNIK POWSZECHNY, whom Walesa was attacking, complains that in its report, television did not present his dispute with Turowicz in its entirety. But, the statement of Jerzy Turowicz was also presented in fragments. Does Walesa have any reservations about that? And how else can a seven-hour meeting be reported in a two-hour presentation than with abridgements? And how can we ensure that any abridgement made will not rouse suspicion? Certainly anyone interested in the controversy will evaluate his words entirely differently than will the disinterested listener or editor who does not take either side of the controversy.

Finally, we always hear the call for an independent press. Like everyone else, I have nothing against the existence of such a press, only I don't know why the government should be blamed if it does not exist (if it is to be independent, then let no one sponsor it or assume guardianship over it!), and besides, I would very much like to see how it would look. Meanwhile every selection of news and every commentary, every text rejected by the editors or written on assignment is a narrative from some side, and even not taking a position sometimes simply becomes a vote against. But there is no obvious cause for any investigations for this reason. Everyone is free to state his own opinions if he finds reliable listeners

who will not allow a mistake. This is exactly why we fought for freedom of the press and for removal of censorship.

In this connection, let me make the judgment that in Poland today, too much is expected of the mass media in the belief that the mass media will perform some kind of miracle of objective reporting which will make of it a teacher-sage capable of leading the people over the shoals of public feeling and the riled waters of political divisions which have been fanned with a fervor not seen for a long time in Poland. I do not believe in such a possibility; moreover, I think that we are a step away from the tremendous danger of a return to dreams of steered and programmed mass media. What else is the call for "objectivity" and the bitter protests against "nonobjectivity" especially in presenting profiles of political leaders, protests raised by the partisans of those same leaders? Should they be the ones to decide how an "objective" presentation of something pertaining to those leaders should look? But how will this be different from the old dispositions handed down from Mysi Street in Warsaw, where the well-known department concerned itself not only with deletions, but also with the font, the place on the page, and the selection of photographs in each news story about leaders and those who were "first?"

Mass media have become something of a market and we must not again raise them to the role of master-educator. Of course, the government should be concerned about better information and about its ties to the public; for this reason we have the press spokesman and, for this reason, we have a form for correcting mistakes and for edited bulletins. Perhaps what we need are quite frequent informational meetings and meetings for the purpose of answering questions. But, anyone who has recently heard the vehement attacks in the Sejm on Minister Kuron's Tuesday television program "Okienka" will certainly not be ready to believe that anyone's credibility will withstand the dogged contention and lack of goodwill.

## CZECHOSLOVAKIA

### Ideas vs. Reality in Foreign Currency Exchange Rates

*90CH0154C Prague HOSPODARSKE NOVINY  
in Czech 4 May 90 p 6*

[Article by Eng. Jan Vit, State Bank of Czechoslovakia:  
"Foreign Exchange Rate—Ideas and Reality"]

[Text] During the last few months, the exchange rate of the Czechoslovak crown has been the subject of numerous debates, opposing views, and obvious misunderstandings. There was a substantial increase of interest in this problem after the tourist exchange rate of the Kcs vs. free currencies was introduced on 8 January 1990.

Despite numerous explanations in the media, the opinion is still relatively widespread that the current tourist exchange rate of free currencies is disproportionately high vs. the Kcs, and that the current situation where visitors (primarily from Austria) are buying up our domestic market, which is made possible by the tourist exchange rate, could be resolved relatively easily simply by rescinding the tourist exchange rate. It would mean that foreign tourists would receive approximately 16 Kcs for one U.S. dollar, instead of the approximately 28 Kcs they get now in our exchange offices. This opinion is shared in varying degrees both by some members of the public and by a number of highly placed persons, well versed in economic matters.

An exhaustive answer to the appropriate level of the Kcs market exchange rate is difficult, since it is influenced by a combination of various factors. However, with a certain amount of simplification, two main causes can be mentioned.

It has been widely publicized that the structure of our retail prices is distorted in comparison to the rest of the world, and that domestic prices, especially in consumer electronics, are disproportionately high compared to foreign prices. Yet there is an insufficient supply of these goods on the domestic market to satisfy the considerable demand. For example, a relatively simple "automatic" Japanese camera costs about DM200, let's say in Nuernberg. Here, assuming it sporadically appears on the market, the price is around Kcs5,000. A simple calculation shows that, generally speaking, it would be advantageous for one of our citizens to buy foreign currency for as much as Kcs25 per DM1 and obtain the desired goods abroad. A similar price ratio is also valid for other consumer electronics products. If the goods are available at all—in some form or other—on our domestic market, the price of Kcs25 per DM, or approx. Kcs40 per \$1, actually represents the upper price limit that a citizen will be willing to pay for foreign currency. Practice has confirmed this.

An exchange rate that is created in this way, i.e., an extreme price level relation in a relatively narrow sector of the consumer market, is, however, valid for the entire

market, that means it is valid for food, textiles, the price of services, etc. But since the price relations between domestic and foreign prices are totally different in the latter case (let us assume approx. Kcs8 to 15 per DM), the market (tourist) exchange rate in respect to these goods is advantageous for the owner of the foreign currency (the foreigner) and disadvantageous for our citizens, who purchase foreign currency at this exchange rate.

In practice, this means that a foreign tourist who received Kcs5,000 for DM200 can use the money to buy about 550 liters of gasoline, though in the Federal Republic of Germany he would only be able to buy about one-fourth of this, i.e., 150 liters for DM200. Therefore the problem of the market being bought up is not primarily due to low food prices, but to the fact that they are bought for an exchange rate that reflects price conditions, for example, in consumer electronics.

The second main factor that determines the market exchange rate is the longstanding, unsatisfied demand to travel to the West. The prohibitions and restrictions that were enforced here for the last twenty years led to such a hunger for foreign currency once the administrative barriers were removed toward the end of last year, that this could only be neutralized through extremely high prices. Admittedly, such prices made vacations abroad much more expensive but, within certain limits, there was still enough to cover the costs of short (weekend) trips to neighboring countries.

This results in the fact that the market exchange rate, i.e., the price of foreign currency, may exceed the level that results from such exceptional price relations between domestic and foreign prices as, for example, those in consumer electronics.

On the other hand, this naturally does not mean that the current "official" tourist exchange rate should consistently duplicate the level of the "black" exchange rate, or the illegal exchange rate of the Kcs abroad. There are many other factors at play, too. For instance, it is a fact that the average foreign tourist usually prefers to exchange Kcs in an official exchange office rather than in a somewhat dubious deal on the street. In a way, this enables the rather disadvantageous "official" rate to compete with the black market to a certain extent. This is what happened when the exchange rate was last adjusted. After evaluating the results for January and February of this year, it was shown that the income and expenses of the nonorganized foreign tourist trade were basically balanced. In order to moderate the negative consequences of the marginal level of the tourist exchange rate, as of 20 April 1990 it is being kept roughly 15 percent below the "market" value, which is considered to be an acceptable deviation.

While searching for an answer as to how to prevent our shops from being "bought out," due to an exchange rate that is still extraordinarily advantageous for foreigners, the suggestion has repeatedly and stereotypically been

made, that the tourist exchange rate should be rescinded, and the argument used is the fact that it never existed in the past, and it did not seem to make any difference.

However, the authors of this solution have not considered the basic fact that, up to the end of last year, there were strict restrictions for border crossings in both directions, especially for crossing the Czechoslovak-Austrian border. Due to the fact that there is no obligation to obtain a visa any more, and since the borders have been opened, it is no longer possible to enforce an exchange rate of Kcs for foreign currency that is substantially different from the market conditions.

In order to prevent the negative consequences of the present market exchange rate, we must temporarily make use of a number of administrative measures (prohibition of food exports, rationing of gasoline, stricter customs controls, etc.). These measures will not solve the problem, they will merely tone down the present negative phenomena in supply and demand and the extremely high (market) foreign exchange rate, which always occur whenever an isolated, nonmarket economy starts to interact with a market economy.

Considering the imminent substantial changes both in our economy, and in the economies of East European countries, one must expect a number of problems with foreign exchange rates.

For example, at the present time, the fact that the currency union between the FRG and the GDR will be executed at a more advantageous exchange rate for the GDR than the equivalent market rate, has begun to increase the exchange rate of the GDR mark. In this situation, buying GDR marks at the official rate in our exchange offices, and subsequently selling them in the GDR or Austria for DM, made it possible to buy each DM for Kcs6-10 less than if DM were bought directly with Kcs. The inflated wave of speculation made it necessary temporarily to stop the sale of GDR marks here, which caused tourists here at that time a lot of problems.

The subsequent measures, i.e., the stabilization of the exchange rate of GDR marks vs Kcs, and temporary restrictions on the volume that may be sold for private tourism are not without impact on the interests of individual groups of citizens. Although price conditions have changed neither in the CSFR nor in the GDR, the citizens in both countries are being faced with more expensive tourism.

We have become used to saying that "entry into Europe" will not be a painless process. The problems with the foreign exchange rate, and their impacts on day-to-day life, are only a part of the difficulties that we will have to overcome, i.e., solve, and we must not postpone the solution as we used to do in the past. Naturally, a return to administratively fixed exchange rates and to isolation from the world is not a solution.

### Handling of Preparations for Economic Reform Criticized

90CH0188B Prague LIDOVE NOVINY in Czech  
21 May 90 p 1

[Article by Stanislav Stuna: "Will the Commercial Laws Lead to a Market Economy?"]

[Text] Among the public, the impression has arisen that the "package" of commercial laws, which the past parliament approved toward the end of its session, is a magic wand that will introduce a market economy. It is easy to understand the public's impatience. But the media should not succumb to illusions, and mistake wishes for facts. Above all, they should provide information of the polemic discussions on the concept of the transition to a market economy, which has not yet been drafted by the Federal Government.

The consequences of the lack of clarification of conceptual questions were even projected into the currently adopted commercial laws. They were prepared by individual departments under considerable time pressure, and under this same pressure they were hurriedly debated by parliament. They are not sufficiently coordinated either among themselves, or with the previous laws. For example, the laws on private enterprise and on joint-stock companies introduce legal forms in accordance with a market economy, but they will, at least to begin with, operate under the conditions of a distorted nonmarket economy, which could lead to their misuse and discreditation.

The commercial legislature is not sufficiently coordinated by the Federal Government and it is more or less left to the individual departments. The legislative council of the government did not meet for the first time until the end of April, and had practically no effect on the events. It seems as if the commercial departments were trying to cover up the inadequacy of the economic measures, e.g., in prices, through legislative activity, and simultaneously to demonstrate the necessity of retaining the central agencies of state administration and their functions in their old form.

The transition to a market economy must sever the vertical connections of central executive and directive agencies to the economic sphere. The latter must be based on the principle of the plurality of mutually independent and equal proprietary business entities, especially of legal entities (commercial enterprises), as well as individual entrepreneurs. This task cannot be performed by legislature drafted by departments, since it is diametrically opposed to the interests of the departments. Thus legal amendments, drawn up in this way, must necessarily be temporary and cannot signify a qualitative change in the economic legal conditions. In fact, the latter become complicated and impenetrable, and this can lead to considerable legal insecurity in domestic and foreign relations.

The policy of "patching" the former legal code is senseless. One must lay the foundations for a new legal system, in accordance with the needs of a modern democratic society with a market economy, as soon as possible. In doing so, one must primarily use as support the experiences of European countries that, in connection with the transition to a united market, are heading toward the unification of the basic institutions of commercial law, whether in connection with the forms of commercial enterprises, competitive and industrial law, or obligations. This work must be of a highly professional standard, must be free of momentary political trends, and must not be directed by the bureaucratic apparatus of past economic departments. Unless we establish a stable, internationally understandable legal code, in which we ensure protection for proprietary entities against arbitrary intervention by executive and directive state agencies into the economic sphere, we will not create legal guarantees for the business activities of our or of foreign entrepreneurs.

Individual laws are marked by contradictory conceptions. Because they strive to strengthen the central tasks of the government and departments in the execution of the former concept of ownership, such as the Law on State Enterprise. Even if they are presented as temporary measures, business activities have still been limited. Instead of allowing creative incentives on the part of enterprises that are familiar with the specific conditions, they again rely on solutions through the "proven" central bureaucratic apparatus.

Such serious problems cannot be resolved secretly, behind the public's back, because this could lead to the implementation of various amateurish solutions, and we could find it very difficult to deal with their consequences. This also applies to isolated measures, that have not been coordinated with others as far as timing is concerned, like, for instance, the devaluation of the currency while maintaining a totally distorted price structure.

The complex operation of the transition to a market economy and the attendant reconstruction of our legal system must be controlled by the public, and the media must start to play a role in this. They must stop merely describing and defending what has already been decided by state agencies, and start critically evaluating what is being prepared, or even of what is not being prepared though it should be. Criticizing bad decisions by state agencies is necessary, but, in the end effect, it is always expensive; it is much cheaper to prevent the bad decisions beforehand. If the media were to devote more attention to basic economic problems, they could lead the public to think about fundamental social problems, and thus could narrow the scope for emotional discussions on less significant or even marginal problems.

### Minister Blames Floods on Mismanagement

*90CH0183B Prague ZEMEDELSKE NOVINY  
in Czech 31 May 90 p 2*

[Article by P. Pithart on the community of Vazany nad Litavou: "Not the Elements, but a Bad Manager"]

[Text] Vazany (ctk [Czechoslovak Press Agency])—The prime minister of the Government of the Czech Republic, Petr Pithart, and the minister of the environment of the Czech Republic, Bedrich Moldana, visited the community of Vazany nad Litavou yesterday.

During the night of Thursday, 24 May, and Friday, 25 May, the community was hit by a serious disaster. The prime minister of the government believes it is necessary to inform the citizens of Vazany, other affected communities in the Vyskov Okres, and all citizens of Bohemia, Moravia, and Silesia, among other things, of the following:

During the fateful night, the community of Vazany and the other communities were not hit by a normal flood. They were inundated by a "mud flow" which reached a depth of two meters in some places. Though the direct cause of the disaster was heavy rain, the real cause was not the raging elements, but an absolutely senseless human action. It was not a natural disaster but a disaster caused by the megalomania of those who, when cooperatives started to be created, plowed up the balks and then constantly expanded the agricultural land, as if they were gods. Monocultures of sugar beet and maize were planted on enormous sloping tracts. Before the crops had a chance to sprout, water from the sudden storm rushed along these tracts, some of which are several kilometers long, across the topsoil that had been transformed into a quagmire by heavy machines, with nothing to stop it. It completed the destruction started by man—by a bad manager.

The prime minister of the government expresses his deep sorrow at the tragic event. He applauds the determination and will of the officials of the National Committee and the local citizens, led by the Civic Forum and helped selflessly by the soldiers from Bucovic and many other fellow citizens and enterprises. The Czech Government considers it to be its duty to make sure that all the people who suffered loss be provided with effective aid. But it will not be possible to correct much of the damage. In particular, no one will be able to replace the topsoil that was washed away.

### Need for Agricultural Subsidies 'Like Everywhere Else' Viewed

*90CH0183C Prague ZEMEDELSKE NOVINY  
in Czech 31 May 90 p 6*

[Article by Eng. Josef Rous, Tachov Agricultural Collective Combine: "Is Agriculture Living Beyond Its Means?"]

[Text] We are living in revolutionary times and once again programs are being announced about the necessity

for radical limits on "expensive" food production, about the need to decrease the number of the workers in agriculture, about the excessively high rate of investment in agricultural enterprises, about the disproportionate volume of subsidies to agriculture, etc. The jewel in this thorny crown of agricultural defects was the statement that "for various reasons, the countryside lived in a way that was detrimental to other social strata."

I do not know what this viewpoint is based on. All one has to do is compare the pensions received by agricultural old-age pensioners with the same category in industry, construction, or the tertiary sphere.

However, what I believe to be much more serious than this kind of unqualified viewpoint, is the fact that even before one set of ideological dogmas has had a chance to disappear from the economy, it has already been replaced by a new one. But these dogmas have one thing in common: the unwillingness to accept the economic laws of commodity production.

Basically, agriculture was the only sector where at least the elementary economic relations and the law of value were honored for the entire 40 years, due to the fact that producers' monopolies did not exist. Reallocation of resources in the form of tax write-offs did not exist. Every agricultural enterprise, and particularly the JZD [Unified Agricultural Cooperative], had to create enough resources through its daily work to ensure its own development. Though one can doubt the effectiveness of the so-called consolidation programs, it does not change the fact that an agricultural enterprise, operating under specific conditions, had to fill the enterprise's treasury, even at the cost of developing associated production, in addition to performing its natural duties.

Yes, Czechoslovak agriculture cannot manage without subsidies, and its production costs are high. But would we find a farmer in any of the developed countries who constructs agricultural buildings with his own hands, performs recultivation, is completely equipped to repair agricultural machinery, including reconditioning spare parts since there is no one to deliver them? Would we find a farmer who himself develops microelectronics, who builds and runs kindergartens, or houses of culture? Would we find a farmer who sets up communications so as to supplement the sporadic municipal network?

It would be very easy to attain the leading place in the world in the share of agriculturally active citizens of the total number of active citizens. It could be done by transferring all the above-mentioned activities to where they belong, i.e., to the sphere of services. Suddenly we would have a 6 percent representation of agricultural workers. After all, statistics show that around 40 percent of the people employed in agricultural enterprises perform these activities.

Yes, Czechoslovak agriculture cannot manage without subsidies. But one should add that a farmer in a developed country cannot manage without subsidies either, including the United States where more than 60 percent of the farmers' incomes come from various kinds of subsidies. Any international comparison is extremely misleading, a fact, by the way, that was demonstrated by Dr. Eng. Vostatek, Candidate for Doctor of Science, in his prognostic study. A comparison is very difficult, since agriculture is heavily subsidized in all developed countries. This fact is confirmed by nonreal food prices on the world markets which, according to the above-mentioned prognostic study, are 15-25 percent below the level of costs sustained under the best production conditions for specific commodities. This economic anomaly has been caused by state intervention in the most developed countries. And since the prices do not reflect the basic prerequisites of commodity production on a world scale, it means that agriculture would not be profitable anywhere in the world without state subsidies.

Therefore I believe that something else is more important: The fact that there is probably not a single agricultural enterprise in the CSFR unable to realize a large proportion of agricultural production at the current purchase prices in West European countries (Table 1). The prices include the minimum necessary rate of profitability to ensure that the farmer can operate under soil and climatic conditions in areas where production is still necessary to ensure a sufficient food supply.

The fact that export prices do not even attain half of these prices is, among other things, due to the fact that the size of state subsidies in the individual countries is projected into trade barriers. However, would a farmer in the FRG, France, or the United States be able to produce at these (for us export) prices? Of course he would not and that is why the state policies in these countries strongly influence such price creation as ensures the required food production.

A brief glance at the statistics clearly demonstrates to every reader that the developed countries are constantly striving to achieve self-sufficiency in food. This even applies to such countries as Great Britain, which certainly cannot be accused of increasing self-sufficiency in food because industry is unable to create the resources to buy them.

There is much debate about the extreme capital intensiveness of Czechoslovak agriculture (see Table 2).

As is obvious from the characteristics that have been mentioned as guidelines, the agricultural equipment and technology are also not the cause. What we are left with are building investments. But is it not true that the reason for the large volume of building investments is because 40 percent of the workers in agriculture perform activities that, by their nature, should belong to other branches?

Yes, Czechoslovak agriculture, like the agriculture in developed countries, cannot manage without a relatively

high quota of subsidies. Certainly, with the help of other economic sectors, it has the ability to decrease considerably the cost of food production. However, these subsidies are not a "gift" to agriculture, they are the price for the food produced, just like everywhere else in the world. If they should drop too sharply, the agricultural enterprises would undoubtedly succeed in adapting to the new situation. However, they would do so at the price of ceasing to be agricultural enterprises.

Table 1

Product	Country	Purchase Price
Milk (1 liter)	FRG	DM0.75 - Kcs7.33
Fattened beef (1 kg live weight)		DM8.0 - Kcs78.24
Breeding cattle (1 kg live weight)		DM11.0 - Kcs107.58
Pork (1 kg live weight)	Switzerland	CHF4.50 - Kcs49.27
1 kg porkers at 20 kg		CHF7.0 - Kcs76.65
1 kg porkers at 50 kg		CHF5.00 - Kcs54.75

Table 2

Country	Number of Milk Cows per Dairy	Number of Hectares of Arable Land per Tractor	Number of Hectares of Arable Land per Combine	Consumption of kg of Nitrogen per Hectare of Arable Land
CSFR	64.98	37.60	125.00	132.00
Belgium	21.94	6.90	41.66	241.20
Denmark	13.01	15.80	45.45	159.40
France	26.02	12.40	66.57	123.30
Netherlands	44.09	4.60	32.26	546.60
FRG	11.71	5.00	34.48	185.20

### Problem of 'Expensive' Groceries Examined

90CH0183D Prague ZEMEDELSKE NOVINY  
in Czech 31 May 90 p 6

[Article by Eng. Alex Bernasek and Eng. Miloslav Mika, Prague: "On the Problem of 'Expensive' Groceries"]

[Text] Recently the question of "expensive" groceries has often been debated, particularly from the point of view of societywide production costs that often unilaterally include various forms of state participation. Outwardly, this appears as subsidies granted to agricultural and food enterprises for their production, and also as subsidies granted to the consumer in the form of negative sales tax.

Unilateral emphasis of merely one part of the relation between agriculture and the state budget in the recent

past led to a demagogic view of the efficiency of Czechoslovak agriculture and its ability to produce cheap food.

From the macroeconomic point of view, the relation of the Agro-Food Complex organizations (Czech acronym: ZPoK) to the state budgetary system developed negatively in the past period, since the positive balance in 1980 (Kcs12.5 billion) gradually deteriorated to a negative one of Kcs1.8 billion in 1989.

Two main factors played a role in the deterioration of the relation of ZPoK to the state budget: the policy of total self-sufficiency in food production; the policy of maintaining a relatively stable; and low level of retail prices of basic foodstuffs.

Yet both influences are closely linked. To a large extent, they were also caused by the inability of other sectors of the national economy to influence the food market in a positive way by supplying consumer goods that were in demand in order to draw off the purchasing power of the citizens. The industrial sectors also did not succeed in producing freely convertible means for competitive import of cheap foodstuffs through dynamic expansion on foreign markets, while simultaneously decreasing the price of inputs into agriculture. Therefore, when evaluating the development of ZPoK in relation to the state budget, it would be extremely illusory to expect a positive development in the societywide efficiency of production and exchange of foodstuffs in an environment of constantly decreasing macroeconomic efficiency.

The present agricultural system is unsatisfactory from the point of view of a transition to a market economy, since it preserves formerly valid principles of reimbursement of the reproduction costs for food production and the ineffective development of sectors as a result of them.

It is necessary to proceed vigorously with the realization of necessary measures that will unify the conditions for the transition to a market economy. Above all, the following range of problems should be resolved:

1. Land should be considered to be the basic production resource and, in the system of production cost reimbursement in agriculture, there should be a shift toward full utilization of absolute and differential land lease. At the same time, necessary legislative provisions for the utilization of land for purposes of exchange, tenancy, and ownership must be accepted, and state, cooperative, and private sectors in agriculture must be made fully equal.

2. The level of purchase prices should not be changed, unless there is a substantial change in the price of inputs into agriculture, and the share of contractual prices should be expanded. Only the prices of basic products should be fixed by the Center. When prices are being decontrolled, the principle that the state, cooperative, and private sectors must charge the same price for production units of equal quality should unequivocally be maintained.

3. The conditions for receiving subsidies from the state budget should be fundamentally changed in such a way that the new subsidy system will:

- Temporarily and to a limited extent balance out the unprofitability of some producers; support changes in the production structure according to market demands and in accordance with agricultural environmental protection.
- Provide social subsidies and tax relief to settle in areas where agricultural production is not sufficiently intensive or efficient.
- Deal with the purchase, storage, and export of surpluses.
- Support commercially interesting research or improvement and processing programs and programs of societywide interest.

A schematic outline of the necessary measures demonstrates a considerable number of legislative, legal, and organizational changes in the present system, which must be implemented without delay. However, we are convinced that if they are not executed quickly and simultaneously, it will not be possible to implement true modern agricultural policies for the successful development of all society.

#### **Environment vs. Power-Generation Needs Discussed**

*90CH0351C Prague HOSPODARSKE NOVINY (supplement) in Czech 25 Jul 90 p 4*

[Article by Eng. Dr. Vaclav Hrdlicka, Institute for General Power Engineering at the Czechoslovak Academy of

Sciences in Prague: "Search for Prometheus"—first paragraph is HOSPODARSKE NOVINY]

[Text] The Three Mile Island and Chernobyl versus the threat of the greenhouse effect; problems of storage of nuclear waste versus radioactive flue ash from coal; billions of Kcs spent for the Dukovany and Temelin [nuclear power plants] against the billions spent for Dalesice and Gabcikovo [water works]—there are dozens and dozens of such dilemmas. Should we opt for economy or ecology, or for both? We would not want to burn torches to get light. The leaders of stagnation kept many things under cover which is now, on their part, being lifted by antinuclear branches of Greenpeace whose would-be Rousseau-like fundamentalism has been left high and dry by nuclear glasnost in France and the FRG. We are offering our reactors to foreign governments which are facing an uncertain future; on the other hand, we are planning to buy natural gas and crude oil from some of those governments. Which strategy should we then choose for our power generation? The author of this article confirms strong correlations between the dynamism of national income and electrification of national economy and of households; however, his data also indicate a similar relation between national income and lower consumption of power. Because the author proceeds from the projection of consumption of electricity into the next millennium, which was prepared by the former national economic center, his answer to the key question concerning the development of Czechoslovak nuclear power disagrees with the analysis by A. Cerna and Z. Lamser ("Retreat Does Not Mean Defeat," HOSPODARSKE NOVINY No. 4, 1990). This article was written in the beginning of 1990.

An important factor in reduction of power consumption—the structure of primary sources of energy and its development—in the world average and especially in advanced countries appears substantially more favorable than in our country. (See Table 1)

**Table 1**  
**Development of the Structure of Consumption**  
**of Primary Energy Sources**  
**(in percent)**

	1960			1970			1980			1985		
	CSSR	World	EHS*	CSSR	World	EHS	CSSR	World	EHS	CSSR	World	EHS
Solid fuels	88	46		75	30	23	62	28	23	61	30	23
Liquid fuels	7	37		18	48	62	25	47	54	22	43	45
Gas fuels	3	15		3	20	12	9	21	17	11	22	18
Other	2	2**		4	2**	3	• 4	4**	6	6	5**	15
Of which nuclear power	—	—	—	—	—	2	3	—	4	3	—	12

\*Year 1973  
\*\*Only primary electric power

The high share of inferior quality coal in our source of energy and considerable losses during its processing and conversion to other forms of energy increase power consumption in our economy above both the world average and mainly above that of the advanced nations (in comparison with the latter it is approximately 20 percent higher). Studies done thus far for a long-range outlook have shown that in the year 2005 the share of coal in our power system balance (over 35 percent) will remain above the current world average.

For environmental protection it is essential to cut back the production and consumption of coal and sulfuric heating oils. When searching for their replacement, two entirely contradictory concepts have been clashing for quite a while:

- Concurrent expansion of the consumption of natural gas and construction of nuclear power plants according to vital need of fuels and power.
- Expanded consumption of natural gas and radical restrictions on the construction of nuclear power plants.

Let us review these two concepts in rough outlines in relation to our national economy.

#### **Gas: From Where and to Where?**

Studies of long-range outlooks to year 2005 completed thus far by our central agencies counted on a steady growth of consumption of natural gas which will continue the trend of past five-year periods (See Table 2).

**Table 2**  
**Domestic Consumption and Imports of Natural Gas**  
**(in billion cubic meters)**

	1975	1980	1985	1990	1995	2000	2005
Consumption	4.5	8.1	10.3	15.0	19.0	21-22	24-25
Imported from the USSR	3.6	7.7	9.9	14.2	18.4	—	—

To cover our needs, natural gas from the USSR was in the past, and will be in the future, essential but it will not suffice. In view of the USSR's domestic problems with fuel and power supplies, it may be expected that after 1995 higher imports of Soviet natural gas may be possible only at the cost of lower imports of crude oil or other kinds of fuels and power. With regards to our geological resources, our own production of natural gas may be only of a supplemental character. It is envisaged that from the 0.9 billion cubic meters planned for 1990, it will increase in the following five-year periods to about 1.3 billion cubic meters annually. Under consideration are conditions for import of natural gas from Iran: 0.5 billion cubic meters in 1995, 1.5 billion cubic meters in the year 2000, and 2.4 billion cubic meters in 2005.

Iranian gas could be delivered to Transcaucasia and our state would receive Soviet gas over the current system of gas pipelines. Furthermore, it will be necessary to ascertain whether natural gas or crude oil may be obtained from Iraq. Other countries should also be considered.

Increments of supplies of natural gas will be used for the following purposes:

- Around the year 2000 complete replacement of lighting gas which will require about 1.1 billion cubic meters of natural gas more than in 1990.
- Replacement of heating fuels whose presumed shortfall in the year 2005 will be 2 million tons as compared with 1990, represents nearly 2.4 billion cubic meters of natural gas.
- Substitution for the declining sources of coke-oven gas and blast furnace gas due to cutbacks in the production of coke and pig iron.
- Direct consumption of natural gas by the population

should increase to at least 1.5 billion cubic meters in the 1990-2005 period, and help phase out coal.

- Replacement of coal in thermal generation in general, in this context, potential use of natural gas in gas turbines is being studied for utilization of the gas-steam process, especially in combined production of electric power and heat.
- Use of natural gas in transportation as fuel either directly or after its conversion into methanol or possibly into engine fuel; its realization depends on the extent to which crude oil and its derivatives will be available and under what conditions.
- Production of nitrogen fertilizers and petrochemicals; this will be determined by the scope and conditions for the renewal of an agreement with the USSR on exchanges of power-intensive petrochemical products made in the USSR for chemical products made by our highly specialized sectors, after the expiration of that agreement in 1993.

The above-mentioned methods of utilization of natural gas will exhaust all planned increments of its resources, and thus, there will not be any more left for use in large power-generating plants to replace low-calorific lignite whose burning there is the cause of considerable environmental pollution. Even if current plans are fulfilled and nuclear power plants are built and if their installed capacity amounts to 9,280 MW in the year 2000 and to 12,400 MW in 2005 and if they generate 54 and 67.2 billion kWh of electric power, respectively, it appears that in the year 2000 it will be necessary to generate about 49 billion kWh and in 2005 almost 44 billion kWh mostly from coal.

#### **Electricity: How Much and When?**

In future years electricity should be one of the principal factors of intensification of our national economy. In

advanced countries the consumption of electricity increases often even during stagnation or cutbacks in the consumption of primary sources of energy. Thus, for instance, the FRG's gross national product, which was 20 percent higher in 1984 than in 1973, was ensured by a 0.6 percent decline in the consumption of primary sources of energy, along with a 24 percent reduction in the consumption of liquid fuels; however, during the same period gross consumption of electricity was up 29 percent—in other words, more than the increment in gross national production, and the coefficient of flexibility was 1.4.

We must pay attention to the above trends also in our country. By the same token, however, we should not forget that electric power is used very inefficiently especially in our manufacturing sector. It was stated that electric consumption in our economy is more than 25 percent higher than in advanced nations. That is primarily a result of our technological and technical backwardness. Radical mobilization of our untapped resources may slow down the rate of growth of electric consumption for some time; on the other hand, we must accept justified greater use of electric power in the nonmanufacturing sector, mainly in households where we are lagging behind advanced countries. (Per capita electric consumption in our nonmanufacturing sector is about one-half of their consumption.)

For the time being, the concept for the 1991-2000 period, prepared in 1989 by central agencies, envisages an increase of about 9.5 billion Kwh for a five-year period. It is evident that already this concept anticipates more efficient utilization of electric power even with an accelerated development of national economy (growth of NI—2.5 to 3 percent annually). Still better results will depend on the speed of structural changes in our economy and on its general efficiency.

Nuclear power plants should cover the increase in the consumption of electric power, which will amount to 19 billion Kwh or less in the 1991-2000 period. If the nuclear power plants in Mochovce and Temelin are in full operation before year 2000, then nuclear power plants will generate about 29 billion Kwh more electricity in 2000 than in 1990, which will provide significant opportunities for reducing power generation in coal-fueled power plants. Another small contribution toward that end may come from higher production in hydroelectric plants, especially those on the Danube.

The decision to stop the construction of blocs 3 and 4 in the Temelin power plant ( $2 \times 1,000$  MW) represents a shortfall in power generation of at least 12 billion Kwh annually. To this we must add a shortfall of at least 5 billion Kwh due to the suspension of operations in V1 power plant in Jaslovske Bohunice ( $2 \times 440$  MW) in the 1990's. Thus, as compared with current projections, the increase in the production of the nuclear power plants in the 1991-2000 period would decline to only about 12 billion Kwh, which would permit neither to cut back the production of power plants that are using coal, nor to

cover our essential needs. If in addition the construction of blocs 1 and 2 in Temelin is stopped, that would mean a difficult predicament in terms of supply of electric power for our national economy as well as dire consequences for the environment.

This situation cannot be resolved by further increases of imports of natural gas. It will be a very complicated and difficult task for us to find a suitable equivalent in the processing industry even to pay for the already planned imports of crude oil and natural gas. Under the assumption that before the year 2000 world prices of oil will not increase above the current rate of approximately \$20 per barrel and that they will be maintained, our balance of foreign payments around the year 2000 will be encumbered (naturally, in freely convertible currency—even in relation to countries which thus far have been socialist) with more than \$3.6 billion.

Although most expert sources assume that over the next 20 to 25 years world prices of oil will rise only slowly, some estimates do not preclude that world prices will again develop by leaps and jumps and that oil prices may increase to \$60 per barrel before the year 2000. The situation may get aggravated even more if world prices of goods manufactured by processing industries develop at a considerably slower pace than potential increases of prices of oil and natural gas. However, even under current conditions their impact on our economy will be very adverse, and charges for imports of oil and natural gas in freely convertible currencies will limit our opportunities for imports of sophisticated technology and equipment (and also facilities for desulfurization of waste gases in large steam power plants and possibly in high-capacity gas turbines).

#### **The Nucleus of the Problems: Problems of the "Nucleus"**

In this situation our nuclear power engineering, mostly supplied from domestic sources, is increasingly important as a solution. So long as there are any doubts about appropriate control and safety systems, for instance, in Temelin, their improvement with foreign assistance will not be too expensive, and once they are completed, their construction will be an asset to our power engineering. However, investment costs must be reduced. Even if only the already available innovations are used in the building of the next nuclear power plant, the best solution of the project and management of construction works according to methods currently applied in the world may save 20 to 30 percent of investment costs already in its first stage and even more in the following stage when the world standard is reached.

According to comparisons with the world situation (United States, FRG, France, Finland) in late 1987, our VVER 1000 blocs occupy an area about 2.5 times larger, use several times more construction and building materials (nearly six times more concrete and three times more concrete reinforcement) and 1.5 times as many

cables; that leads to substantially higher labor requirements. In the West this type of construction requires on the average four to six years, in our country as much as 15 years. At last, a radical turn for the better may be expected from our newly introduced economic system. It is encouraging that the needlessly high investments notwithstanding, electric power from the "nucleus" is cheaper than from coal.

#### We Want Because We Must

Suspension of the construction of nuclear power plants would lead to a practically hopeless situation, especially in terms of supply of electric power. It would stop actions mitigating harmful effects of power engineering on the environment. Unused facilities specializing in the production of equipment for nuclear power plants and for their construction would fall into disuse, which would cause economic losses. On the other hand, France, where the share of electric power generated in nuclear power plants is the highest in the world (70 percent), has reduced its former dependency on imports of crude oil and turned into a major exporter of electric power.

At the same time, advanced nations have based their power-engineering policies on diversification of their sources (both in terms of territory and types of fuels and energy) in order to make their supplies of power as invulnerable as possible. Our state also should gradually achieve similar diversification, and here nuclear power generation could play an important role. We cover now, and we intend to cover, roughly 40 percent of our consumption of fuels and energy from imports, predominantly from a single territory. All natural gas, which we now import and which in 2005 should cover about 24 percent of our domestic consumption of primary sources of energy, is delivered to our country from the USSR in several gaslines over a narrow strip of land just a few hundred meters wide, which makes it easy to cut off our supplies.

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The best solution for us may be an orientation toward a rational development of nuclear engineering along with reduction of our power consumption. The problems described here, with their far-reaching ramifications for our national economy, deserve a speedy and comprehensive analysis.

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**Editor's Note:** It is obvious which solution the author prefers. One cannot doubt that he assesses the problem from the viewpoint of economy and ecology. All data, such as information about the reality of the greenhouse effect, could not be included in this article. One can endorse the author's demand for a thorough analysis because, for instance, the new nuclear process, which is alien to nature, amasses in the environment new sources

of radiation; unfortunately, no space was left for accounts about the latest nuclear reactors with far lower outputs than in our country which are making headway in power engineering of advanced countries. And what about the problem which is rather irrelevant in other branches of industry: How are the costs for the preservation or liquidation of obsolete nuclear power plants reflected in the apparently low costs of the production of one kWh from the "nucleus"?

#### Quality: Investment With Fast Return Viewed

90CH0351A Prague HOSPODARSKE NOVINY  
(supplement) in Czech 25 Jul 90 p 8

[Article by Eng. Jan Hnatek, Inspekte Foreign Trade Enterprise in Prague, and Anežka Zaludová, Ph.D., honorary chairperson of the Czech Association for Quality: "Investments With Quick Returns"]

[Text] On the threshold of the 1990's, which we are entering under radically changed political and economic conditions, it will serve us well to look at the main trends taking shape in modern systems of business management abroad. This concerns above all else the priority focus of business strategy on quality and its continuous improvement at the lowest possible cost. In advanced nations this point of view is considered essential for any improvement of their living standard.

The focus on quality represents the most characteristic change in international trade with goods and services in the coming years. In conjunction with the planned radical economic reform in our country, we must note that unfortunately the concept of "quality" has been ignored thus far.

Concerns about quality in the world are developing basically in three main directions which A. V. Feigenbaum, president of the General Systems Company in the United States summarized last September at the 23rd annual conference of the European Organization for Quality Control (EOQC) in Vienna:

1. The new commercial strategy of quality, the present demand to offer perfect goods for the market at lower production costs.
2. Implementation of the strategy of quality in every sector of the process of replacement, including sales (marketing and services), R&D, construction, technical planning of production, economy and business administration; in other words, not only in the area of production as quality programs of the past years used to stress most of all.
3. Introduction of comprehensive management systems in services (for example, railroad and air transportation), where customers' satisfaction is the ultimate criterion of quality.

"Hidden works" or untapped resources with a capacity estimated at 15 to 40 percent of the current value of

production exist in most enterprises due to erroneous decisions, faulty operation, incorrect information or inferior quality. For quality control it is useful to know four principles:

1. There is no "correct quality standard." The constantly increasing demands on quality of goods and services are forcing the standards of quality to change year after year.
2. The system of quality control must include workers in efforts to eliminate shortcomings in terms of quality. This involves changes in the tasks of foremen, continuous training, education, and teamwork.
3. Improvement of the system of quality control must be accompanied by innovation of goods, otherwise there is real danger that the introduction of scientific and technological advances (for example, automation and robotization) will increase the production of rejects and thus, waste our resources.
4. Better quality and lower costs are not contradictory objectives. On the contrary, satisfactory quality means efficient utilization of materials, production facilities and work forces.

#### **He Who Procrastinates Will Lose**

The key to the implementation of business strategies aimed at quality is to master the processes and methods which help develop specific goods and services. The General Systems Company of Pittsfield, United States, recommends the following six principles for efficient implementation of comprehensive systems of quality control:

1. Quality is not the result of operations in one department only but a result of systematic cooperation between various units within the organization (enterprise) with relations to customers and subcontractors.
2. This cooperation must be organized and synchronized for various departments so that every employee is interested in good quality.
3. Quality must be focused on customers' needs.
4. Continuous upgrading of quality calls for systematic introduction of innovations and for application of scientific and technological achievements.
5. Far-reaching improvement of quality cannot be accomplished without direct participation of all employees.
6. Quality demands that business managers set personal examples by their involvement and that every employee's know-how and skills be activated.

Many manufacturers in West Europe are intensively planning to trade in the EEC Common Market. They are focusing on greater flexibility and innovation of their products. In their efforts, they proceed from the ISO 9000 series of international standards or their European equivalent, the EN 29 000 series of standards, and from

consequent requirements for certification of goods and systems of quality control pursuant to the EN 45 000 standards.

Increasing numbers of businesses in West Europe are developing their own systems of quality control in agreement with the requirements of the above-mentioned standards, which promises them above all a better chance in the market.

Those who wish to enter the EEC Common Market should be interested in the fact that the Community is already now drafting comprehensive conditions for certification not only of goods but primarily of quality control systems. First experiences from such operations in West Europe indicate that control procedures are very demanding. In their first stage the experiments with the quality control system call for thoroughly planned methodology and for selection of teams of experts for the screening. For instance, the data of the Siemens AG Company from the FRG mention a period of two years from the beginning of the manufacturer's screening until a certificate of approval of the quality control system is issued. On the other hand, most buyers in West Europe in the market are increasingly demanding this method of manufacturers' screening and certification. It is fully in the interest of Czechoslovak manufacturing, commercial, and control organizations to follow very closely further developments in the world concerning this particular area.

As for protection of public and individual interests in quality and of the environment, advanced nations do not rely only on the effects of market mechanism control but take advantage of any form of managing and control instruments in order to assert their interests.

#### **What Will Benefit Our Economy**

In our view, it is imperative to follow the example of advanced nations and to establish a CSFR governmental advisory committee composed of foremost experts on quality control (Governmental Committee for Quality). Its tasks will be:

1. To prepare for government documentation on our national strategy and policy of quality control;
2. To plan in detail an effective system of state interventions as well as business incentives (tax, credit, wage and price policies aimed at upgrading quality, consumers' protection, ecology, etc.);
3. To draft effective legal norms to protect the consumer, the environment, and the good reputation of Czechoslovak exports;
4. To remove technical obstacles that prevent exports and imports; to introduce international regulations and standards concerning guarantee of quality (sets of standards ISO 9000, EN 20 000, and 45 000);
5. To centralize necessary research, advisory, and training capacities for quality control; to coordinate

instruction and training on all levels of management including institutes of higher education, and to provide periodical training of managers (up to the rank of members of the governments);

6. To coordinate cooperation of central interdepartmental authorities with respect to quality control;

7. To establish an objective and conclusive information system focusing on inferior production as a vital precondition for quality control and for more effective entrepreneurship in accordance with applicable international standards and regulations;

8. To publish a journal devoted to quality control in the CSFR and in the world (such periodicals appear in all advanced economies) and to promote other such publications.

The establishment of the governmental committee as proposed will de facto prove the existence of an interdisciplinary sector for "quality control."

Successful development of the Czechoslovak economy on the business level demands that:

- requirements of quality of goods for given markets be thoroughly specified;
- the whole technological process be analyzed and the parameters and methods of their control specified;
- a modern information system on issues of quality be developed;
- manuals on quality for enterprises be issued in accordance with the stipulations of the sets of standards ISO 9000-9004.

Associations and professional trade unions now being organized, for instance, the Czech Society for Quality and other advisory organizations, may provide valuable assistance.

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The next—the 34th—conference of the EOQC will meet in Dublin, Ireland, on 17-21 September 1990. It certainly will be most appropriate if our representatives could attend it, particularly those from manufacturing organizations (unlike the Vienna conference where none of the 20 Czechoslovak delegates was from the business sector). Moreover, in 1991 (apparently on 17-21 June) we shall welcome the participants of the EOQC 35th annual conference to Prague.

## GERMAN DEMOCRATIC REPUBLIC

### Legal Aspects of Property Ownership Examined

90GE0248A East Berlin

*WIRTSCHAFTSWISSENSCHAFT* in German Jul 90  
pp 1027-1035

[Article by Prof. Dr. Hans Luft, economist, Endowment for Social Analysis/ Social Theories: "Problems of Social Property in the GDR"]

[Text] The GDR's existential crisis is proof that socialism without democracy is not capable of survival, that sooner or later it solidifies into absolutist power structures. If the dictatorship of the proletariat has the right to exist at all, which must still be closely studied—by analyzing the dispute of opinions between Kautsky and Lenin,<sup>1</sup> then at most it is during the first years of transition from capitalism to socialism. Today it is demonstrated more relevantly than ever how correct it was that the FKP [French Communist Party (PCF)] in the 1970's detached itself from the necessity of a dictatorship of the proletariat in socialism. At the same time, it was a serious mistake of the then-SED [Socialist Unity Party of Germany] to disinter these ideas, outdated also for the GDR, at its 9th Party Congress of 1976 and to enshrine them in the SED program for the characterization of the GDR state.<sup>2</sup>

The justification of repressive measures against other-minded persons derived from these ideas, together with the underestimation of the achievements of bourgeois-parliamentary democracy, resulted in stagnation, abuse of office, and corruption, although social ownership of the means of production permitted partially grassroots-democratic forms in the economic process.

Together with closed borders and absolutist power structures, not only creativity and the innovation potential, but also political stability were undermined to such a degree that now the continued existence of socialism on the territory of today's GDR and, thus, the GDR itself, has become impossible.

### On the Legality of People's Property

At present, national [people's] property is exposed to particularly sharp attacks. That is nonsensical inasmuch as the basis of national property was established by plebiscite as the highest form of democratic self-determination.<sup>3</sup> National property was also created by the restitution of the SAG [Soviet stock company] enterprises,<sup>4</sup> a process which was completed in 1956. SAG enterprises were 200 large plants primarily of the armaments industry, which in 1945 had been transferred to Soviet ownership for reparation purposes, by order of the Soviet military administration, in accordance with the Allied Control Council Law. For this reason they were not dismantled, which secured jobs and earning capacity for the population.

In theory, national property makes possible the foresighted solution of tasks concerning all of society, such as an effective structural policy with full employment, and securing an ecological balance through state management of the economy in one form or another. The profits of state-owned enterprises, as the property of all of society, in addition to financing investments and managerial social policy, were simultaneously an important foundation for the financing of state social policy. To this extent, national ownership of the most important means of production in a market economy, which after all is not tied to the monopoly of one form of ownership, can make possible a high level of social security for the people.

However, the level of this social security, as well as the amount of productive accumulation to secure the standard of living in the future, also depends always on the amount of the national income spent domestically,<sup>5</sup> and on which political framework conditions influence its use. And from this resulted unfavorable starting conditions for national property in the GDR. While the FRG received Marshall Plan aid for its reconstruction, the GDR had to try with its own strength to cope with the consequences of World War II which had been unleashed by Hitler's Germany, and that, with comparatively higher reparation payments.<sup>6</sup> Later came losses—with the departure of trained personnel, due to COCOM lists and trade embargoes as a consequence of the cold war and the arms race.

**Table 1**  
**Development Tendencies of Some Data in the GDR**  
**(in percent)**

Year	Produced National Income	National Income Spent Domestically	Defense Spending
1980	100	100	100
1985	130	106	139
1988	139	119	166.5

Source: Statistical Yearbook of the GDR 1989. *Staatsverlag der DDR*. East Berlin 1989. pp. 99, 102, 262-263

All that had negative effects on the development of the national income used domestically which, in view of the growing expectations of the populace, in the 1980's reduced people's interest in national property. Social services, unique in their structure, such as in the health care system—for every worker with social insurance and his dependents, free medical treatment, medicines and hospital stays, as well as stays in health spas, while the worker's monthly contribution to the social insurance did not exceed 60 marks—increasingly lost their attractiveness in the 1980's because of a lack of funds for the material-technical design of the health care system. This was not the fault of the state-run health care system, but the fault of wrong political guidelines for using the national income. Even the bourgeois side points out, for example, the influence of the various amounts of military expenditures on development of the national

economy. Theo Sommer writes: "At the end of his term of office in the White House (this refers to President Reagan—H.L.), he will have spent \$2,200 billion for the Pentagon—an insane amount, for it has probably created a quagmire of corruption, but has not noticeably improved the security of the United States and its allies. It is quite certain that the dizzying heights of the U.S. defense budget in the early Reagan years, and Soviet military spending which has crippled all other sectors since the 1960's, have considerably contributed to [the fact] that Americans and Russians alike find themselves in dire economic straits at the end of the 1980's. Their armaments have devoured what they should have invested in their lame and obsolete manufacturing plants. They have tied up two-thirds of the research capacity in infertile activity. Moreover, they have misdirected the existing research means into military fields of application of the most dubious plausibility. Japan has shown how one can do it differently, and better."<sup>7</sup>

For this reason, also, one cannot agree with those who consider the creation of national property to be outmoded; rather, it is political guidelines which impair its use, as was facilitated under the conditions of a more or less closed society.

Today it is a matter of productively channeling the ownership awareness of workers in state-owned enterprises, newly kindled by threatening bankruptcies and possible job losses, toward effective management of national property, and, under the conditions of complete linkage of the national economy with the world market, which requires the existence of a convertible currency in which expenditures and profits are accounted for.

In order to protect national property, under the specific conditions of the unification of the two German states, with their different economic and social systems, in which the FRG as the capitalist state is stronger and richer than the GDR, it must be able to act the same way as private property in the FRG. For this reason, the founding of an agency, by public law, was decided in the GDR at the beginning of March 1990. This concept provides for juridical preservation of national property, but without the exercise of economic managerial functions. Control of such an institution by the democratically elected parliament would mean that national property cannot be sold through the director of an enterprise or combine, but only by law or by plebiscite, that is to say, only by such legal acts through which it was created.

The trusteeship agency does not encompass that public property whose legal title is held by enterprises and institutions under municipal and community control, nor national property of sectors to be organized as state enterprises, nor national property utilized by agricultural production cooperatives.<sup>8</sup>

New questions of the development of national property result from the international capital concentration process, with regard to which, at present, many questions have not yet been decided,<sup>9</sup> for example, whether the

common market of the EC is primarily a market of competing national economies, or if it is, first of all, a market of competing enterprises, simultaneously organized in several countries. For this reason alone, caution is necessary when general deconcentration or dissolution, respectively, of combines is being discussed in the GDR, since, internationally, the large corporation dominates basic industries and the high technology sectors, and where, often, even a merger of giants takes place, in view of the tough competition in the world market. Against this background GDR combines, which have only 30,000 to 50,000 employees, even in basic industries, appear like medium-sized enterprises, particularly since their individual enterprises, as goods producers and economic units, are legal entities which have the same autonomy as, and sometimes even greater autonomy than, group companies.

Therefore, in my opinion, the combines in the aforementioned sectors have a right to exist also in the future,<sup>10</sup> but not as the only organizational form in industry, especially since small and medium-sized enterprises, within or outside of combines, can operate profitably in industrial sectors with less demand for concentration. Here private and communal property have a broad field of activity. This is shown not least of all by the experiences of private enterprises and those with state holdings in the GDR in the 1950's and 1960's.

#### National Property and Private Property

At that time, as the only European socialist country, the GDR had a great number of state-participating and private enterprises which produced 11.4 percent and 5.7 percent, respectively, of the net product of industry and the manufacturing trade, and 9.0 percent and 8.6 percent, respectively, in the construction industry.<sup>11</sup> Nevertheless, the dominance of national property was never in question,<sup>12</sup> so that the purchase of private holdings and private enterprises, respectively, undertaken in 1972 by the socialist state, although legally unassailable, was not then, and from today's viewpoint is not now, justified economically, particularly if one takes into consideration that these small and medium-sized enterprises in the manufacturing of important ancillary products and in the production of consumer goods, with flexible reaction to rapid market changes, in some cases, showed sufficient economic successes over several generations.

Therefore, the historically developed significance of national property in the GDR and equal chances for all forms of ownership, including the various forms of private ownership, are not in contrast with each other, but correspond to the different perceptions that people have of their economic activity and the differentiated reproduction conditions in the various industrial sectors. Because of certain possibilities of global economic planning by the state, craftsmen and private entrepreneurs have greater security for a crisis-proof development, provided that the state guarantees full freedom of trade, productivity-promoting taxation, etc. Because this was lacking in past years, despite verbal support for the

prospects of artisans, at the end of 1988, there were not as many private artisan enterprises active in the GDR as in the 1970's.

**Table 2**  
**Number of Artisan Enterprises in the GDR**

Year	Number of Private Artisan Enterprises	Number of PGHs <sup>a</sup>
1975	85,635	2,793
1980	83,821	2,751
1985	80,588	2,732
1988	82,234	2,719

<sup>a</sup>PGH—artisan producer cooperative

Source: Statistical Yearbook of the GDR: 1976, p 169f; Statistical Yearbook of the GDR: 1981, p 156ff; Statistical Yearbook of the GDR: 1986, p 177f; Statistical Yearbook of the GDR: 1989, p 177f.

In connection with the compulsory opening of the GDR economy vis-a-vis the world market, participation of foreign capital in state-owned and private enterprises is on the agenda, and conversely also the possibility for state-owned enterprises to buy into foreign firms. The GDR supports and promotes the establishment and activity of enterprises with foreign participation on the territory of the GDR, which are predominantly founded as companies with limited liability (GmbH) or stock corporations (AG), but also as general partnerships (OHG) or limited partnerships (KG).<sup>13</sup>

#### Cooperative Property Ownership—A Specific Form of Social Property

Cooperative ownership of means of production is widespread in the GDR. Its major sector is agriculture, which is predominantly of a cooperative nature in the GDR. The basic form of a cooperative enterprise is the production cooperative. At present 3,855 LPGs [agricultural producer cooperatives], among them, 1,159 LPGs of plant production and 2,696 LPGs of livestock production, and their cooperative institutions, work more than 87 percent of the GDR's agricultural land; 456 VEGs [state farms] work over seven percent of the agricultural land.<sup>14</sup>

In addition, there also exist 199 horticultural production cooperatives, 2,719 trade production cooperatives, 51 production cooperatives of inland fishermen, breeders of fur animals and exotic fish.<sup>15</sup> The most important production means of their members were brought into the cooperatives, which are now either cooperative property or, like land and soil which remained the farmers' private property and is passed on by inheritance, are utilized cooperatively.<sup>16</sup>

Cooperative property also exists in commerce in the form of consumer cooperatives. Members, and hence owners, of the consumer cooperatives—different from the production cooperatives—are not exclusively or primarily the approximately 240,000 employees working in the sales outlets of the consumer cooperatives, but rather

4.6 million GDR citizens, as consumers, independent of type and location of their employment.<sup>17</sup> That is the majority of all households in the GDR.

In the 272 peasants' trade cooperatives (BHG), not only—and not even all—employees are owners, but also the cooperative farmers and gardeners united in the Peasant Mutual Aid Association (VdgB).<sup>18</sup>

An important place in GDR construction activity is held by the workers' housing construction cooperatives (AWG),<sup>19</sup> which in part have also absorbed the non-profit housing construction cooperatives (GWG) of the Weimar Republic. Approximately 24,000 to 25,000 newly constructed apartments, more than 20 percent of all new housing construction, are built annually through cooperative housing construction.

The strength of cooperative ownership thus consists in its combining the advantages of mass production, its extensive possibilities of improving the working and living conditions of cooperative farmers, developing their capabilities and knowledge, with the conservation and development of rural traditions such as the peasant work ethic, love of the land and of animals, economical management.

In view of the unification of the two German states, forthcoming sooner or later, fear and uneasiness are growing among many cooperative farmers. On the one hand, they feel closely linked to their cooperatives and see in the LPG's the type of large agricultural enterprise that is quite competitive in the common European market. On the other hand, they fear that, out of consideration for the FRG, a privatization euphoria will develop, to which the LPGs might also fall victim. Generally speaking, the cooperative movement in the GDR has reached a level in the past 40 years which has led to a true enrichment of economic structures and of the rural way of life.

Therefore, the new cooperative association founded in the GDR in March 1990 also serves to protect the interests of cooperative peasants and gardeners, just as many new foundings of professional associations are not only an expression of the need for democracy, but also of great social fears of broad segments of the GDR populace.

In the course of unification of the two German states these fears could grow further; fears stemming from the expected processes of solving the contradiction between the political superstructure and the economic basis, which is essentially characterized by social ownership of the means of production. To this day, no one is in a position to have a clear view of the sociopolitical consequences. For this reason, a gradual unification process on the basis of equal rights for both German states and constitutionality for all would have been of advantage, in particular because it would have precluded a political radicalization, due to newly developing social conflicts.

#### Footnotes

1. Compare K. Kautsky: *Die Diktatur des Proletariats* [The Dictatorship of the Proletariat], Vienna, 1918, p. 19ff.; V. I. Lenin: *Werke* [Works], Dietz Verlag, Berlin, 1955ff., Vol 28, p. 255ff.

2. See *Programm der Sozialistischen Einheitspartei Deutschlands* [Program of the Socialist Unity Party of Germany], Dietz Verlag, Berlin, 1976, p. 40.

3. 93.71 percent of all eligible voters participated in the plebiscite on expropriation of all property of Nazi and war criminals on 30 June 1946 in Saxony. 77.62 [percent] voted for the transfer of these enterprises to national property.

4. SAG—Soviet stock corporation.

5. The national income used domestically is both an indicator of the economic performance capability of a country and its recognition on the world market, because it deviates from the produced national income by the balance from imports and exports and payments transactions. This is of particular importance to the GDR, because approximately 50 percent of the produced national income is redistributed via foreign trade.

6. According to today's monetary value—with interest and compound interest, so to speak—every FRG citizen would have paid DM126 in reparations, yet every GDR citizen would have paid DM16,124, that is, 127 times as much. According to computations by Bremen historian Dr Arno Peters, a debt sum of DM727 billion has accrued, which is to be paid to the GDR.

7. Th. Sommer, "Zwei Riesen stoessen an die Grenzen: Wirtschaftlicher Druck zwingt Moskau und Washington, die Rueistungsausgaben zu beschneiden" [Two Giants Bumping Against the Limits: Economic Pressure Forces Moscow and Washington to cut back armament expenditures], Hamburg, DIE ZEIT, 15 July 1988, p 3.

8. See "Ordinance on Conversion of State-Owned Combines, Enterprises and Institutions into Joint Stock Companies, of 1 March 1990," GESETZBLATT DER DDR, Part I, No 14; "Statute of the Agency for Trusteeship Administration of State Owned Property (Trusteeship Agency)" of 15 March 1990, GESETZBLATT DER DDR, Part I, No 18.

9. Compare P.F. Drucker, "Strategie fuer 1993 gesucht" [Strategy for 1993 Wanted], WIRTSCHAFTSWOCHE, Duesseldorf, 26 August 1988, p 72.

10. In the opinion of McKinsey, a large group of GDR combines can be rehabilitated, in addition to a smaller group of combines which are absolutely competitive and efficient internationally. Only some 20 combines out of more than 150 combines should be closed and converted during the next 2 years. (Compare MANAGERMAGAZIN, No 1/1990, p. 96). Johannes Schmidt-Tophoff and Claus Tiby point out that not all combines must be decentralized in the future. "The shotgun approach of

'decentralization of combines and formation of small firms,' which is used by politicians of both German sides and also by some renowned consultants, does not meet the needs of legal, economic, and personnel relations between combine and enterprise. The managers of the combines also know that critical sizes of enterprises also depend, among other things, on location factors, production structure, industrial sector and worldwide competition. Hence decentralization cannot mean sacrificing indiscriminately split-off parts to competition and thus losing everything, as would be the case with the Germed pharmaceutical combine which, with its 12 autonomous enterprises, is threatened with disintegration." (WIRTSCHAFTSWOCHE No 19/90, p. 68; both authors are staff members of the management consultation firm, Arthur D. Little International Inc., in Wiesbaden)

11. Compare *Statistisches Jahrbuch der DDR 1971* [Statistical Yearbook of the GDR 1971], Staatsverlag der DDR [GDR state publishing company], Berlin 1971, p 39.

12. Compare *Verfassung der DDR. Dokumente. Kommentare* [Constitution of the GDR. Documents. Commentaries], Staatsverlag der DDR, Berlin 1969, p 370ff.

13. There are legal provisions that the foreign share in capital stock and ordinary capital, respectively, must be at least 20 to 49 percent. It can be above 49 percent if the purpose of the enterprise justifies a greater foreign holding in the national economic interest, or if the holdings are in small or medium-sized enterprises (Article 3, "Ordinance on the Formation and Activity of Enterprises with Foreign Participation in the GDR, of 25 January 1990," GESETZBLATT DER DDR, Part I, No. 4/1990).

14. Computed according to "Statistisches Jahrbuch der DDR 1989," loc cit., p 181.

15. Compare ibid., pp 175, 181.

16. The amount of agricultural land for personal use by LPG workers is limited to 0.5 hectares per person. Private livestock farming is not limited by the model statutes. If desired, the allotted land area can also be worked by the LPG, in which case the cooperative farmer receives products corresponding to the average yield which are needed for self-support and private livestock farming.

17. The consumer cooperatives have 30,000 sales outlets available, among them, more than 370 small department stores and 160 larger department stores, almost 400 rural shopping centers, and more than 6,000 restaurants, as well as the "konsument" association with 14 department stores directly subordinate to the association of consumer cooperatives. Of economic importance, also, are the continually increased performances of the 64 consumer cooperative production combines and enterprises

which already came into being around the turn of the century in the light industry and food processing industry sectors.

18. With their thousands of sales outlets and centers, they supply citizens in almost 6,900 villages and carry more than 1.2 million accounts with over 10 billion marks in bank deposits by the rural population. In addition, the VdgBs own 93 dairy cooperatives, cider production plants, institutions for additional production of construction materials and other articles of rural need.

19. The first AWGs were founded in 1954 upon the initiative of the FDGB, in order to build, maintain and administer apartments as cooperative property. Besides an initial membership fee, every member pays shares according to the size of the apartment. In addition, labor performances were required which were established by an AWG resolution. The state supported the AWG by providing construction sites on an unlimited time basis, [and also] assumed the development work and granted interest-free loans.

## POLAND

### Polish-Danish Trade Increase Examined

90EP0794A Warsaw RZECZPOSPOLITA in Polish  
5 Jul 90 p 2

[Article by A.Z.: "Increase in Polish-Danish Trade Revenues"]

[Text] Denmark has been a traditional partner in Polish foreign trade for many years. This partner is especially attractive given the fact that the balance of trade has remained in Poland's favor for years, running 79.4 billion dollars in the black in 1989.

During the first quarter of 1990, trade revenues were 47.8 percent higher than during the first quarter of last year. Exports to Denmark rose by 38.2 percent, while imports were up 77.6 percent. The increase in imports means that this year Poland's favorable trade balance will decrease, but it will be maintained nonetheless.

The commodity structure of trade is varied. Poland exports coal (about 20 percent of the value of exports), products of the food and agriculture industry (17.5 percent of exports), fuel oil (14.2 percent), goods of the electric machine industry, timber and paper products, and products of light industry. Poland imports from Denmark products of the electric machine industry (53.6 percent), chemical industry, and food industry.

Economic and capital cooperation has not achieved any substantial level or scope yet. The best known joint undertakings are the licensing cooperation for marine engines between the Cegielski plants and the Burmeister Wain Diesel shipyard and for medical apparatus between the Unitra plants in Bialystok and Simonsen

and Weil. To date 25 Polish-Danish joint capital enterprises have been created through efforts to interest Danish partners in investing in Poland.

**New Confederation of Polish Employers Organizes Management Courses**  
*90EP0819A Warsaw GAZETA BANKOWA in Polish*  
No 31, 20 Jul-4 Aug 90 p 2

[Article by (WJG): "Employers, Get Training!"]

[Text] Millions of employees must be retrained as the result of the structural transformations our economy is undergoing. It is particularly important for managers to learn modern economic principles. Poland is taking advantage of foreign help here. The Confederation of Polish Employers [Konfederacja Polskich Pracodawcow (KPP)], which was formed last fall, is one of the institutions which is setting up training for management personnel.

The confederation held weekly training for company directors and employee council chairmen in May and June. The theme was privatization and the pricing of assets. The directors took tests (along the lines of Harvard models), and at the end of the training they played games in decisionmaking. This made it possible for the organizers to earmark managers with special talent for the managerial elite after further training abroad.

The confederation conducts foreign training in conjunction with employer organizations in Western countries. Sixteen KPP people were sent to intern in England under the auspices of the Know-How Fund Poland program.

"Our greatest problem is the shortage of applicants for foreign training," says Andrzej Wilk, the confederation's general director. In May, the tourism personnel training session which had been set up in Poland and Austria was canceled for lack of applicants. After the course was over, the participants were to have gone to intern in luxurious Austrian centers. It may be possible to set up a later session in September.

The confederation has signed an agreement for four-week internships for Polish managers in Norway. The participant will pay the cost of the two weeks of training in Poland, and the Norwegians will bear the costs during the stay in their country.

The internships in the FRG promise to be particularly attractive. In October and November there will be a two-month course in German, and a 12-month training course will begin in a selected German company next year. The intern will be given accelerated "advancement" through all the various managerial functions from the most basic up to assistant director of the company. The applicant, or his company, will pay only the cost of travel to the FRG. The German component will provide room and board and 1,800 DM per month.

Agreements with the Swedes and the French are in the final stages. The French want to send consultants who are experts in revitalizing companies with problems. Eight Polish firms in bad financial condition will be chosen, and the French experts will bring them back to health. Two Polish assistants must accompany each of them. In this way over a dozen high-grade specialists will be trained.

In October the confederation will begin permanent training of candidates to compete for positions of director. They will consist of several days of training for four or five months. "Such courses are all the more important," according to Director Wilk, "because in the immediate future every company director will have to compete. Up until now Poland had no system of making managers upgrade their qualifications. We hope that we can change this situation by running a market game involving managers too. Young managers who plan to make management their career should be interested in our training. Candidates for training in Poland and abroad will be chosen solely on the basis of merit."

**Bank President Discusses Procedures for Founding, Running Bank**

*90EP0815A Warsaw GAZETA BANKOWA in Polish*  
No 29, 15-21 Jul 90 p 6

[Interview with Aleksy Misiejuk, president, Agrobank S.A., by Witold Nartowski; place and date not given: "I Like High Risks"]

[Text] [Nartowski] Last December Agrobank S.A. [joint-stock company] obtained an official permit to start operating. How is a bank founded in Poland?

[Misiejuk] That was my own idea, on which I began to work two years ago. Of course, the two principal problems were organizational-legal ones—that is, getting state offices and the central bank to issue the necessary documents and decisions and obtaining capital. I considered it important for the new bank to be dependent on no one and nothing other than its own financial performance and the dividends it could earn. Hence, while translating this idea into reality—in the form of a joint-stock company—I tried not to have any of the shareholders own a controlling share in the bank. Thus, the problem was to find a large number of interested buyers who would risk purchasing founding shares and, by the same token, providing the founding capital of the bank. Everything depended on whether I could find people ready to trust me personally, whether I could succeed in persuading them to take this risk. The outcome was successful, and now we are in business.

[Nartowski] Who were the buyers of the founding shares in Agrobank?

[Misiejuk] There were more than 300 such charter members, so to speak, and they are chiefly private persons, as well as state and cooperative firms. I prefer not to name names, but I can state that any one of them can have a

voice in the bank's operations. The founding shares are broadly scattered, and the present arrangement will change still more after the current sales of the second issue of stock are completed and preparations for the third and further issues commenced.

[Nartowski] Who are the members of the bank's board of trustees?

[Misiejuk] It consists of 10 members, four of whom are representatives of major enterprises holding shares in the bank and the remainder representatives of small capital and private persons. But, as for the board of governors, it consists of two persons—myself and my deputy, Alina Otlowska.

[Nartowski] Is such a bank, with its relatively small founding capital, capable of providing a full range of banking services?

[Misiejuk] Of course, the founding capital alone cannot suffice. Consider that the nine banks formed on 1 January last year by breaking up the NBP [National Bank of Poland, which remains the central bank] had a combined initial capital of 50 billion zlotys. Hence, founding capital is not everything. And also, my activities as chairman include a constant search for capital—persuading customers to open accounts in our bank, to buy certificates of deposit here, and offering them the most advantageous banking services. So far, in the last three months, we have been successful in these respects and able to offer a full range of basic banking services.

[Nartowski] Are you utilizing refinancing credit from the central bank?

[Misiejuk] We applied for such credit to the NBP, but so far without results. Of course, in the present situation, the central bank is trying to restrict financing this type of activities by commercial banks. But it seems to me that it has no idea how to treat clients such as we. And yet our needs in this respect are much smaller than those of the traditional Polish banking potentates, and refinancing credit would be a form of assistance to the new banking institutions so needed in this country. To be sure, we do not matter much as a source of capital, but the growth of a network of small banks is of capital importance to the unfolding of structural changes in our economy.

Yet, the policy of the central bank is rather restrictive; we must transfer 15 percent, compared with nine percent only recently, of our deposits to a noninterest-bearing account at the NBP.

[Nartowski] Are you geared to serve a particular group of customers or do you provide open banking services to everyone?

[Misiejuk] In the nature of things we serve chiefly small private companies and small businessmen. But our activities are open to every potential client, so long as our possibilities are not exceeded. Anyone can open an account with us or apply to us for a loan. We are trying anything to make money. Above all, we are granting

short-term loans, chiefly for the purpose of providing circulating capital, although we also provide investment loans.

[Nartowski] How do you recruit customers and in what way do you compete with the other banks?

[Misiejuk] Our aim is to provide more advantageous services to our customers, and not only from the standpoint of interest rates on deposits and loans, for that depends greatly on the degree of the risk which the bank must accept in every individual case, although here, too, in many cases we charge a lower interest on our loans than do other banks. But we also often charge a higher interest if the risk is considerable. Still, I am trying to make the companies availing themselves of the Agrobank's services view us as a partner in making deals. If a potential borrower shows up with an interesting idea and needs funds quickly, we are even ready to participate in the undertaking as a shareholder, and to grant credit within 24 hours—even when this is very risky. We are trying to operate rapidly and efficiently. If necessary, we work a 24-hour day, even on Saturdays and Sundays. We are even proposing that our bank participate in many of the projects with which people come to us. This means of course the possibility of a great loss but also the possibility of a great profit.

[Nartowski] So, in addition to providing regular banking services such as deposits and loans, you are trying to provide additional ones.

[Misiejuk] Like West European banks, we also are thinking of such nontraditional services. We handle payroll and tax accounting for interested companies, organize sales of new and used farm machinery imported from the West, and are thinking of sponsoring the construction of clusters of single-family homes for cash sale or for sale on the basis of mortgages which we would provide. We also are a partner in certain forms of exports with the object of becoming more recession-proof in the presence of a considerable decline in the demand for money.

In the next few months we expect to apply for a permit to engage in foreign exchange operations, which are included in our statute anyway. A growing number of representatives of Western businesses are contacting us with offers of cooperation. We have the trained personnel and the technical facilities needed for this purpose and expected by foreign partners.

[Nartowski] What are your growth objectives?

[Misiejuk] At present our offices are in Warsaw on the right bank of the Vistula, but we are thinking of opening branches in the Wola and Downtown boroughs. Soon now branches will also be opened in Opole, Katowice, and Lodz, to be eventually followed by Radom and Belchatow. We also intend to start serving the public rather than the companies and enterprises as up to now, but that will largely depend on our ability to secure more office space.

**Income Tax Payment Profiled**

*90EP0816A Warsaw GAZETA BANKOWA in Polish  
No 30, 22-28 Jul 90 p 12*

[Article by (HB): "The Tax Has To Be Paid"]

[Text] Nearly 20 million people will be obligated to pay the personal income tax next year. This will include employees of the socialized sector (about 11 million) and pensioners and annuitants (7 million). Only a small part of these have previously been paying the equalization tax. If the proposal of the Ministry of Finance is adopted, early next year we shall face the operation of switching from net to gross wages, and from net to gross pensions and annuities as well.

Enterprises of the state sector, and cooperative sector also, at present are paying a wage tax of 20 percent—as much as the proposed personal income tax. Thus, sticking to the principle that no employee should lose by the introduction of the new tax (at least in the first month) would not cost the enterprises more. On the contrary, they will save a little thereby, because the coefficient of conversion to gross from net wages was fixed at 118.5 percent, which means a potential "profit" of 1.5 percent when reckoned according to current wage-fund rules. The difference of 1.5 percent ensues from the annual 480,000-zloty deductible on which no tax need be paid. But that "profit" will have to be utilized to pay the increased—because reckoned in proportion to gross wages—premiums to the Social Security Fund and the Labor Fund. The Ministry of Finance expects that the changes in the tax should not cause more than an .08-percent increase in costs. It can thus be hoped that this will not spur inflation. Government institutions do not pay a wage tax, and hence the switch to gross salaries from net ones will require a temporary increase in salary subsidies. These expenditures will be refunded to the State Budget in the form of personal income tax payments, but after some time lag, whereas the expenditures on government institutions will permanently increase owing to the need to pay social security premiums in proportion to gross salaries.

The Social Security Fund, which will handle withholding taxes for an overwhelming majority of pensioners, expects to make a profit from this entire operation. That is so because of the conversion factor of 118.5 percent applied to the switch to gross wages, which means that social security premiums will also increase by about 18.5 percent, while the conversion factor for pensions and annuities is 117.0 percent. The seeming "injury" to pensions ensues from the fact that they are generally lower than wages and hence the proportion of the tax deducted from them is greater.

But the ratio of incomes to expenditures will be different as far as the Farmers' Social Security Fund (FUSR) is concerned. The farm tax remains in principle the same, but the rules for taxing special crops have changed, while the FUSR premiums will not be correspondingly raised.

Thus, the cost of the switch to the gross from the net system will be defrayed in this case by the State Budget.

It is generally assumed that the switch to the new taxation system should be so managed that the State Budget would not lose thereby. That is so because then there would no longer be revenues from the wage tax, the tax on emoluments in the nonsocialized sector, the equalization tax, and the tax on private enterprise. At the same time, the expenditures on government services (salaries plus higher social security premiums) will increase, along with subsidies for the FUSR. All this is to be offset by revenues from the personal income tax. According to estimates of the Ministry of Finance, in the best case, budget revenues will then increase by 2.5 trillion ziotys, or almost 1.5 percent in relation to its expenditures. Most of the revenues from the new tax will flow into the Central Budget. In the future this new personal income tax is to be the third-largest—after the value-added tax (VAT) and the corporation tax—source of budget revenues. It is doubtful whether it will flow into the coffers of local self-governments, because it is generally withheld at the workplace. It is estimated that the duty of reporting personal income will apply to only 3 million persons, since in most cases the workplace will pay that tax for the employees by withholding it from their wages and paying it to the local Treasury office. As regards pensioners and annuitants, the Social Security Administration will withhold that tax from their pensions and annuities and likewise pay it to the local Treasury office. This is undoubtedly a more efficient system than requiring 20 million citizens to contact directly their local Treasury offices, but it will result in lower revenues for local self-governments in the residential communities lacking industry and offices.

Could the introduction of the new tax result in tensions on the market? Estimates of the Ministry of Finance show that this will cause a slight (positive) change in the money supply. Some problems may be caused by the conversion to gross wages, because, given the once-a-month clearings of accounts, this will result in a considerable growth of the demand for transaction money.

**Commodity-Fund Exchange Proliferation Leads to Exchange Council**

*90EP0794C Warsaw TRYBUNA in Polish 5 Jul 90 p 3*

[Article by Roman Przasnyski ("Notoria" S.A.): "Northern Exchange"]

[Text] One of the most interesting phenomena in our economic life is the formation of commodities and capital market exchanges. Up to the present time more than 40 exchanges have been created.

Some cities actually have several competing exchanges operating simultaneously. There are eight in Warsaw, for example. There are not too many clients interested in major transactions, however. It therefore seems as though many of the exchanges will be tested by market

mechanisms or the rigid regulations of future laws, but the initial tendencies toward integration are beginning to appear in the spontaneous process of the formation of these exchanges.

Representatives of 15 major exchanges in Poland met recently in Lodz to discuss many important matters related to the operation of the exchanges and to determine principles of cooperation. As a result, an Exchange Council was created. This is an informal body, but it can play an important role as the nucleus of a self-governing organization of exchanges.

Tasks of the council during its initial operations will be limited to joint representation of the exchange groups before bodies of the government administration preparing legal regulations concerning the exchanges, exchanging information and experience, and standardizing the principles of operation and interexchange cooperation.

Another example of a similar but more local trend is the joint initiative of the Gdansk Chamber of Commerce, the Baltic Exchange, the Gdansk Exchange, and the Gdynia Exchange, along with the Sea Coast, Baltic Brokers, and Makler stockbrokerage companies to establish in Gdansk a single, completely professional exchange with a significance extending beyond Poland's borders. The first step toward this goal is the agreement to create a Gdansk Trading Syndicate. There will be joint exchange sessions under its auspices to replace operations which were previously dispersed. The future exchange has been given the working name of "Northern Exchange." Its organizing committee is working in cooperation with the Chicago Mercantile Exchange, the Philadelphia Stock Exchange, and the London International Financial Futures Exchange. Intensive training is under way to prepare professional stock brokers and stock exchange employees.

#### **Small-Scale Hydropower Generation Possibilities Viewed**

*90EP0794B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 5 Jul 90 p 1*

[Article by Zbigniew Wyczesany: "Small-Scale Hydroelectric Power Engenders a Waterfall of Resistance"]

[Text] Practically no government since the war has favored small-scale hydroelectric power production. Thousands of small hydroelectric plants were neglected and allowed to fall into ruin, because of a false doctrine in fiscal policy (the famous, excessive surtaxes). The technical infrastructure built up over the generations which made it possible to use the forces of nature also fell victim to this policy. During the 1970's, things reached the stage where hammers were used to dismantle the iron construction of the power plants and dams, because they did not meet the "norms" of modern design. About the most one can say is that the steel mills profited from the

scrap metal. This senseless attack on the mills, sawmills, and minielectric plants is still crying out to heaven for revenge.

Previous governments passed various resolutions and decisions on giving priority to the development of small-scale hydroelectric power. The results are really minimal. During the past decade, about 70 small hydroelectric plants were rebuilt and put into operation, but there are still about 110 installations in various stages of construction.

The administration of the Society for the Development of Small Hydroelectric Plants [Towarzystwo Rozwoju Malych Elektrowni Wodnych] says that, given the existing dams, about 600 power installations could be built along with at least 400 small hydroelectric power plants in connection with planned dams, which will have to be built anyway, in order to improve the supply of water to agriculture. The overall power from these small hydroelectric power plants will total about 200 MW with an annual production of about a billion kilowatt-hours, however. This should count for something, especially since small hydroelectric plants are spread all over the country and are usually connected to peripheral sections of the network, improving conditions there and increasing the security of power for important rural customers, including livestock establishments, large horticultural installations, and so on.

Marian Hoffman, chairman of the Society for the Development of Small Hydroelectric Plants, says: "Small hydroelectric power plants created through the tremendous effort of private investors have survived and will survive many difficulties. It would seem that this is finally a good time for the full development of small hydroelectric power plants, but we still see no particular economic priority being given to equipment producers or to current or potential investors."

Witold Janowicz, the society's deputy chairman and owner of a power plant in Tarnogora, Zamosc Voivodship, enters the conversation with the RZECZPOSPOLITA reporter. "It's rather the other way around," he adds. "Everyone we turn to tells us nice things, but when it comes to concrete action, it's becoming harder and harder to get any help or support for our initiatives. This year after the official prices were eliminated for the purchase of electric power, we were left to the mercy, or cruelty, of the electric power plants. We are paying taxes on our operations, but many power plants have people who are careful to see that we don't make too much off power production. We also have various additional technical conditions thrust on us, and the lone investor has to give in and pay the costs of unnecessary consultations."

The special privileges which small-scale hydroelectric power production used to enjoy were also suspended several months ago. It was not until this June that the Minister of Finance restored the five-year tax exemption for new investors in small-scale hydroelectric power

production. The suspension of these exemptions and the arbitrary setting of prices for power producers also created a good deal of confusion among present and potential investors in small electric power plants. The power plants are entirely free to set prices. They are determined with the monopolist in mind.

"We want producers to have a uniform price for power, just as in the other European countries," Witold Janowicz says. "But this demand from owners of small electric power plants is not being met. It is difficult to say

why, because, after all, state policy on small hydroelectric power plants is clear, and the government supports the development of this area of production, which furthers environmental protection and development, in addition to saving coal. We have often learned from other electric power plant owners that the power plants treat them as intruders, and one of the directors told an applicant where he could put his small hydroelectric plant. The vulgarity of the language fits the attitude in this area. Instead, this production should be supported."

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